FINANCIAL TIMES

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WORLD NEWS

Bonn and London in arms rift

Britain and West Germany exposed growing differences yesterday on how to proceed with disarmament once the US and the Soviet Union agree to destroy their intermediate nuclear force missiles.

Bonn is pushing for quick movement on negotiating cuts in short range nuclear missiles, while Britain wants to concentrate on chemical and conventional weapons. Back Page

Iran gets further chance

The US suspended temporarily *its* demand for an arms embargo against Iran to give it a further chance to comply with the UN Security Council's ceasefire call. During his tour of Gulf countries, US Defence Secretary Caspar Weinberger said the US Navy would destroy the Iranian minelaying ship it captured on Tuesday. Page 2

Coup in Fiji

Fiji armed forces chief Lt Col Sitiveni Rabuka staged his second coup in five months to prevent the formation of an interim government in the South Pacific island state. Back Page

Transkei's new rulers

Transkei's young Defence Force chief and a former junior minister *appeared yesterday* effectively to hold power in the South African homeland. Page 2

Paisley pleads guilty

Democratic Unionist Party leader Rev Ian Paisley and his deputy Peter Robinson walked free from a Northern Ireland court after pleading guilty to taking part in an illegal march earlier this year. Page 3

Smear test checks

Health authorities are being asked by the DHSS to carry out spot checks on some of the 4m cervical *cancer smear tests* carried out annually in Britain, to reassure women following the wrong diagnosis of tests in Liverpool.

Life for unborn baby killer

Trevor Virgo, 21, was jailed for life at the Old Bailey under the 1929 Infant Life Preservation Act for causing the death of his unborn baby by kicking and beating his pregnant girlfriend.

Children 'tortured'

Black South African children told an international conference in Zimbabwe that they had suffered torture, solitary confinement, beatings and electric shocks in South African prisons.

FAO's $14m food aid

United Nations' Food and Agriculture Organisation approved $13.7m (£8.34m) of emergency food aid for refugees and displaced people in four African countries and Nicaragua.

Hurricane hits Bermuda

Hurricane Emily swept over Bermuda yesterday tearing roofs of buildings, cutting off power and uprooting trees with winds of up to 112mph.

Actors die

Actor and writer Emlyn Williams, who rose to fame with his 1938 classic The Corn is Green, died at his London home, aged 81. Actress Mary Astor, star of *The Maltese Falcon, died,* aged 81.

Financial Times

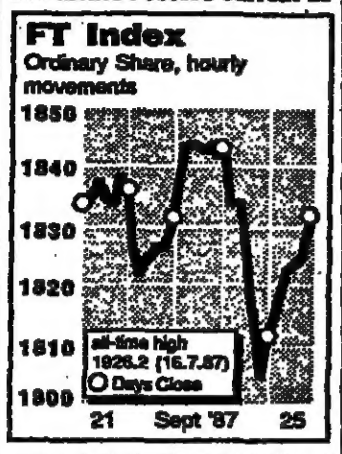
We apologise to readers who did not receive their copy of the Financial Times yesterday and to our distributors. This was due to technical problems, which also prevented the inclusion of late news and price changes.

BUSINESS SUMMARY

Equity & Law to support French bid

EQUITY & LAW said yesterday that it agreed to recommend acceptance of an increased offer from Compagnie du Midi, French industrial holding company, bringing an end nearer to the first takeover battle for a *British life* assurance group since the late 1960s. The new cash-and-shares bid values it at £448m. Back Page

LONDON share prices improved, with leading shares taking a lead from the foreign exchange market, after the authorities reacted calmly to last month's record current account deficit. The FT Ordinary index advanced 19.7 to 1,831.6 and the FT-SE 100-share index rose 29.2 to 2,342.6. Page 12



TAX: the *Government* backed down on a controversial tax rule meant to make people pay tax when they were entertained by business contacts. Page 4

HOUSE PRICE rises continued to accelerate in the third quarter, the Abbey National Building Society said. Average price is £45,000, up 6.6 per cent, against 6.1 per cent in the previous quarter. Page 4

TRADE AND INDUSTRY Department boosted the staff of its investigations branch by 50 per cent last year. Page 4

YUGOSLAVIA asked Western *banks for a 90-day extension for* principal repayments on loans, to give it time to discuss debt restructuring. Page 2

ITALY'S Government approved a deregulation package, a further step towards liberalising capital movements. Page 2

EUROPEAN Commission launched anti-dumping inquiries into all video recorders exported from South Korea, and those from two Japanese companies. Page 2

BANK of New York, oldest US bank, launched a $1.4bn (£854m) bid for Irving Bank - parent of Irving Trust of Number One Wall Street. Page 16

BANK of Japan tightened credit control to damp inflation fears and curb growth of the money supply. Page 2

BRITISH PETROLEUM predicted a 77 per cent rise in its 1987 historic cost profit to £1.45bn and a 0.3p rise in its final dividend to 8p, smoothing the way for its £7.5bn share sale on October 15. Back Page

BRITISH AIRWAYS Holidays, loss-making package holiday subsidiary *of* the airline, is to merge with specialist tour operator Sunmed Holidays, to *form* the UK's fourth biggest holiday company. Page 4

ELDERS IXL, Australian conglomerate, lifted net profits for the year by 132 per cent on an equity-accounted basis to a record A$486.2m (£217m). Page 19

JARDINE MATHESON, Hong Kong's oldest trading group, said half-year profits after tax and minorities rose 82 per cent to HK$325m (£25m), topping market forecasts. Page 18

Baker seeks new IMF impetus for Third World debt strategy

BY STEWART FLEMING AND PHILIP STEPHENS IN WASHINGTON

MR JAMES BAKER, the US Treasury Secretary, will seek to inject new impetus into his flagging Third World debt strategy at the annual meetings of the World Bank and the International Monetary Fund which begin in Washington today.

However, US officials, while hoping that further incremental *progress* can be made in efforts to improve the process through which the leading industrial countries are seeking better economic policy co-ordination, concede that pioneering initiatives should not be expected.

"You should not expect major macro-economic policy changes by sovereign nations just because *we have a major meeting,*" a senior US official said.

One of the principal goals of the Group of Seven leading industrial countries, which will meet *formally* in Washington today, has been to try to correct their huge fiscal and current account imbalances, in particular the stubborn US trade deficit *which is again expected* this year to be in the $150bn to $160bn (£91bn to £96bn) range.

The US is continuing to insist that faster growth in the rest of the world, especially in Japan and West Germany, is the right approach to tackling the problem, even though some economists *are beginning to suggest* a US recession will be needed to get the *deficit* down to levels which will prevent a continuing build-up in America's foreign debt.

Over the past year, but particularly *since* Brazil declared a moratorium on interest payments on commercial bank debt and leading US banks began to set aside non-specific reserves against Third World loans, the debt strategy has appeared to flag.

A growing reluctance on the part of commercial banks to commit new funds to heavily indebted borrowers has been seen as a weakness in the Baker Plan.

This was underscored earlier this week when the Institute for International Finance, a bank-owned information and liaison organisation in Washington, *said the banks could not be expected to continue to* be the "lender of last resort" to heavily indebted developing countries.

At the meetings over the next few days, however, Mr Baker is expected to continue to assert that the broad outlines of the strategy he proposed in 1985 in Seoul are still valid.

At the same time he is expected to put increased emphasis on the need for greater flexibility in the shape of lending packages to try to ensure the continued participation of the commercial banks.

"The US will be a *lot* more specific on the details of the menu items," the senior US official said.

The so-called "menu" approach to Third World debt restructuring involves the use of more flexible financing alternatives to replace some bank loans.

The US official *refused* to comment on speculation that the US was preparing to modify its banking regulations to facilitate new commercial bank lending.

Washington's increasing concern about Third World debt reflects in part a growing emphasis on the need to bring developing countries into the process of reducing international trade imbalances, both by reducing the huge surpluses of the newly industrialising countries such as Taiwan and making it easier for Latin American developing countries to buy US exports.

The European and Japanese finance ministers at the talks see a further period of stability on foreign exchange markets as being crucial *to* a revival of business confidence and invest-

Continued on Back Page

IMF report, Page 2; SA creditors, Page 2

Stoltenberg returns to tackle political crisis

BY DAVID MARSH IN BONN

MR GERHARD STOLTENBERG, the West German Finance Minister, is to leave the annual meeting of the International Monetary Fund early to *help to deal with a growing do*mestic political crisis.

He will fly home from Washington today following the resignation yesterday of Mr Uwe Barschel, the Christian Democrat Prime Minister of the state of Schleswig Holstein, in response to a scandal over so-called "dirty tricks" by a member of his election campaign team.

After allegations two weeks ago in Der Spiegel magazine that Mr Barschel organised *clandestine investigations into* the Schleswig Holstein Opposition leader's tax affairs and sex life, he finally said yesterday he would take responsibility for the affair. Mr Barschel denied any wrongdoing a week ago but has come under increased pressure to resign this week from the press and right-wing political circles.

Mr Barschel's resignation looks like disturbing the delicate balance of West Germany's *federal* political system and adds to the difficulties besetting Chancellor Helmut Kohl's fractious Christian Democrat Union-led coalition Government.

It will overshadow the meeting in Bonn today between Mr Kohl and Mr Franz Josef Strauss, the leader of the Bavarian *Christian Social Union,* which has been called to try to resolve growing squabbling in the centre-right Government.

Mr Stoltenberg, the chairman of the Schleswig Holstein Christian Democrats, was Prime Minister in the state until he became Finance Minister in Bonn five years ago and handed over to Mr Barschel.

There has been speculation in Bonn this week that Mr Stoltenberg could take over the *state premiership again as a* means of rallying confidence. This possibility, which would require Mr Kohl to find a new Finance Minister at a time of growing controversy about rising Bonn budget *deficits,* was dismissed by Mr Stoltenberg in Washington yesterday.

He will hold talks on Monday in the state capital of Kiel to try to hold together the fragile coalition Government there and prevent new elections.

Underlining the increasing fragmentation of political decision-making in the Federal Republic, Mr Stoltenberg's unplanned flight home has in effect been *forced* by a single Danish minority deputy in the Schleswig Holstein parliament.

Following Schleswig Holstein elections two weeks ago in which the *Christian Democrats* suffered heavy losses, the representative of the South Schleswig Electors' Confederation holds a blocking vote in the state parliament and can prevent the nomination of a new Christian Democrat Prime Minister.

Stalemate over replacing Mr Barschel would open the way either to new elections - in which the Christian Democrats would probably *do badly* - or a *possible coalition in the state* between the Opposition Social Democratic Party and the liberal Free Democrats.

Mr Stoltenberg's task will *therefore* be to persuade the Free Democrats to stick to their proposed Schleswig Holstein alliance with the Christian Democrats as well as to win over the Danish representative.

The Free Democrat Party in Kiel yesterday said it would stick to the Christian Democrats, but was urged by Mr Hans-Jochen Vogel, the Social Democrats' chairman, to start coalition negotiations with the Social Democrats.

Maxwell changes the name of his empire - with regret

BY RAYMOND SNODDY

MR ROBERT MAXWELL, the publisher, has decided to bow to overwhelming pressure and with great regret allow the name of his British Printing & Communication Corporation be changed to the simple Maxwell Communication Corporation.

"It's not an ego trip. I don't go in for ego trips. It's not my style. It was a decision reluctantly taken. I was forced into it by my colleagues," said Mr Maxwell modestly yesterday.

Mr Maxwell is *still* every bit as proud to be British as he has ever been. The trouble is that in the US, where the company increasingly does business, some think BPCC is a British Government printer - an offshoot of Her Majesty's Stationery Office - and others a nationalised industry a bit like British Rail. In Japan Printing Corporation had too smudgey an image to attract futuristic, electronics data-based joint ventures.

The name just conjured up images of "dark northern printing halls and Victorian ironworks," rather than the technological future added Mr Peter Pininski from Mr Maxwell's broker Alexanders Laing & Cruickshank.

The name also meant the company *tended to* get listed in the printing, rather than publishing, sections of *stock* exchanges.

So "British" and "Printing" were clearly out. But why "Maxwell"?

Mr Peter Jay, Mr Maxwell's chief of staff, explained the pressure from outside was irresistable.

"People said: 'We have read about you. We all know about you.' For God's sake, even if it is personally embarrassing you have got to get your name in the name of the company."

So Mr Maxwell said yes.

If the shareholders agree at an extraordinary meeting on October 22, by October 23 the British Printing and Communication Corporation will be no more and the Maxwell Communication Corporation will take up the *task of* creating a £3bn to £5bn a year turnover company by 1990.

Meanwhile Laing & Cruickshank has published a study of BPCC entitled Unravelling the Melmotte Skein. Melmotte Skein?

The work, produced by analyst Mr Henry Poole, explains that Melmotte, a character in Trollope's novel The Way We Live Now, was a tower of strength but was thought by many to have *built on* sand.

Mr Poole said that Mr Maxwell, like Melmottel, had suffered every accusation.

"Our review is entitled Unravelling the Melmotte Skein because it is clear that, in contrast to Mr Melmotte, Robert Maxwell has built on secure foundations," Mr Poole said.

Gould calls for shift in Labour shares policy

BY PETER RIDDELL, POLITICAL EDITOR

A RADICAL shift in the Labour Party's policies on British Telecom, British Gas and wider share ownership is being urged by Mr Bryan Gould, the party's trade and industry spokesman.

This is likely to lead to abandonment of the proposal in Labour's manifesto last June to bring BT and British Gas under social, or indirect, state ownership via the issue of non-voting securities to existing shareholders.

In an interview with the Financial Times on the eve of Labour's annual conference in Brighton, Mr Gould said the existing approach ran the political risk of appearing to be a confiscatory policy while also imposing a financial burden.

Instead, he favoured leaving ownership where it was and ensuring proper regulation in the public interest and that of the consumer. He argued that the public-private sector divide was less important than tougher regulation of monopolies in both sectors with variants of the Oftel and Ofgas agencies which supervise pricing and competitive practices.

On Channel Four News last night, Mr Gould urged Labour to support the idea of wider share ownership. He said that while privatisation had handed monopoly power to private profit-seekers "the idea of owning *shares is catching on and, as* socialists, we should support it as one means of taking power from the hands of a few and spreading it more widely."

He said everyone should, of right, have shares in the enterprise for which they work "so that they can help make decisions and share in the profits - a real step towards helping people to control their own lives."

By offering people freedom of choice as employees, consumers, householders and shareholders, the objectives of socialism and popular support could be achieved at the same time, he said.

Mr Gould's initiative, to be developed in a series of speeches at fringe meetings in Brighton, comes ahead of a conference debate on Monday on a report by Labour's National Executive Committee urging a far-reaching policy review to win over better-off voters in southern England.

A lively debate looks likely because later today Mr Ken Livingstone, MP for Brent East, and other leaders of the hard left, including Mr Tony Benn, will issue *a strategy document* challenging the view of the leadership epitomised by Mr Gould and dubbed "designer socialism" or the "yuppie style." They *believe* there are "political errors" in the leadership's approach.

The clash has been dramatised by the rival candidacies of Mr Gould and Mr Livingstone for places on the National Executive Committee.

The other main issue of the conference will be the vote on Monday on the procedure for the selection and reselection of parliamentary candidates.

There is a clear majority *for widening the franchise from* the present small groups on constituency general management committees, but there is a split between those favouring votes by all party members and those favouring an electoral college system in which trade unions and other affiliated organisations would participate with individual members.

In search of policies, Page 7

Property sales relieve public spending pressure

BY OUR POLITICAL EDITOR

UNEXPECTEDLY large sales of council houses, new town property, and land in London's Docklands have eased some of the financial pressures on the Department of the Environment in the current public spending review in Whitehall.

The property boom means receipts from land disposals in the 1988-89 financial year are expected to be between £500m and £700m more than the previous projection of £1.5bn.

This has made up most of the extra money sought by the department for the housing and urban programmes, though agreement has not yet been reached with the Treasury over new initiatives such as housing action trusts to take over local authority housing and new joint public-private sector schemes.

However, there remain a number of sizeable spending bids still to be agreed, notably affecting the social security, health, defence and education budgets. Proposals have been made for the freezing or taxing of child benefit, extending dental charges to check-ups and deferring part of the naval building programme.

Only part of the £6bn to £7bn above existing planned totals for next year has so far been eliminated, though there is a leeway of about £2bn to £3bn in

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CLIMBING

The first attempt on K2 in winter

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BOOKS EXTRA

Two pages of reading ... including Kenneth Tynan's stormy life

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SPORT

Soccer and cricket

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MARKETS

DOLLAR	STERLING
New York lunchtime: DM 1.82135, FFr 6.0695, SFr 1.511, Y143.6	New York lunchtime $1.64175
London: DM 1.8205 (1.821), FFr 6.07 (6.0725), SFr 1.511 (same), Y143.65 (143.7)	London: $1.6425 (1.6375), DM 2.99 (2.9825), FFr 9.97 (9.945), SFr 2.4825 (2.475), Y236 (235.25)
Dollar index 101.2 (same)	Sterling index 73 (72.9)
Tokyo close Y143.8	

US LUNCHTIME RATES

Fed Funds 7¼%
3-month Treasury Bills: yield: 6.67%
Long Bond: 92 3/16 yield: 9.68%

GOLD

New York: Comex Dec latest $468
London: $462 ($463.75)

LONDON MONEY

3-month interbank: closing rate 10 3/16% (10 1/16)

NORTH SEA OIL

Brent 15-day October (Argus) $18.60 ($18.745)

STOCK INDICES

FT Ord 1,831.6 (+19.7)
FT-A All Share 1,195.42 (+1.2%)
FT-SE 100 2,342.6 (+29.2)
FT-A long gilt yield index: High coupon: 9.99 (same)
New York lunchtime: DJ Ind Av 2,561.85 (−4.57)
Tokyo: Nikkei 25,095.86 (+150.96)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$65; Thailand Bt50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.

SELLING PRICE IN IRELAND 60p

CONTENTS

EC launches video recorder dumping inquiry

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission yesterday launched anti-dumping inquiries into all video recorders exported from South Korea and from two Japanese companies.

The investigation, sparked off by complaints from a group of major European video recorder producers led by Philips of the Netherlands, will bring a new source of tension to trade relations between the EC and the two countries involved. Japanese feeling is already inflamed by recent EC rules against dumping of components, while Seoul is under pressure from Brussels to give EC exporters better protection against counterfeiting.

The complaint comes from the Milan-based European Association of Consumer Electronics Manufacturers (Eacem), representing the majority of EC video recorder production amounting to 25 per cent of a Community market for 7m recorders per year. Eacem claims that South Korea and the two Japanese producers, Funai and Orion, are unfairly undercutting Community competitors' prices by more than 19 per cent.

Imports of South Korean recorders nearly quadrupled from 74,000 units in 1985 to 276,000 the following year, representing a rise in market share from 1 per cent to 6 per cent over the same period, claims Eacem. The increase jumped again after Spain and Portugal joined the EC in 1986, so that last year's Korean video recorder imports reached 4,000, climbing further to 500,000 in the first seven months of 1987.

The two Japanese producers, meanwhile, have been pushing up their EC market share steadily over the past four years to reach 9.5 per cent in 1986. European-made videos have kept their market share more or less constant over the same period, but Eacem argues that unfair underpricing is forcing its members to bear losses at a time when their markets should be recovering. This could jeopardise future investments and jobs, claims the association.

If Commission investigators accept Eacem's claims, the EC could impose punitive anti-dumping levies on the imports concerned.

Transkei army chief the power behind coup

By Anthony Robinson in Johannesburg

EFFECTIVE power in the Transkei homeland appeared yesterday to be in the hands of Brigadier General Bantu Holomisa, the 31-year-old chief of the Transkei Defence Force, and Mr Dumisani Gwadiso, a 35-year-old former junior minister who has been appointed acting prime minister.

The emergence of a younger group of army officers and politicians followed the forced resignation of six cabinet and two deputy ministers on Thursday and the effective deposition of Mr George Matanzima, the deeply discredited former prime minister. Mr Matanzima, who is officially in South Africa "for health reasons" is not expected to return to the Transkei where he could face criminal charges arising from involvement in large scale corruption revealed during an official inquiry.

Although the 3,000 strong defence force led by Gen Bantu Holomisa played a key role in the forced resignation of the eight deposed ministers the government still appears to be in civilian rather than military hands. Gen Holomisa was jailed by Mr Matanzima earlier this year after a failed commando raid on the Ciskei. But he re-emerged with his position strengthened after a military revolt successfully ousted the white Rhodesian ex-Selous scouts led by Major Ron Daley which were retained by the government to train the defence force.

Mr Gwadiso, the new acting prime minister who also holds the defence and police portfolios as well as control of the public service, is the son of a chief and became a member of the Transkei parliament in 1981. He has been a consistent critic of governmental corruption and waste but appears to have been chosen as a caretaker.

Mr Kolisile Nota, the Minister of Finance said yesterday that his appointment was "a stop gap arrangement until a new prime minister is appointed in two weeks time."

IMF rules out sharp rise in growth

BY PHILIP STEPHENS IN WASHINGTON

WEST GERMANY and Japan have been provided with fresh ammunition by the International Monetary Fund in their resistance to calls from other industrial nations to do more to stimulate their economies.

A report prepared by IMF economists suggests that the major industrial natilons will have only very limited scope to achieve faster growth over the medium-term without rekindling inflation.

The Bonn Government, in particular, is expected to face strong criticism from the US for its weak economic performance during talks here today between finance ministers of the Group of Seven nations.

The Fund report focuses on the likely productive potential of the seven largest economies between 1986 and 1995. Productive potential measures the maximum output level which is likely to be sustainable without an upturn in inflation.

It suggests that only Japan can expect to achieve consistently a growth rate of more than 3 per cent annually into the 1990s. West Germany's potential output growth may be as low as 2.2 per cent for much of the same period.

Britain, currently among the fastest-growing economies, can hope to sustain a growth rate of only half the present 4 per cent, suggesting that its relative economic decline will continue over the medium term.

The report details several reasons why a return to the high growth rates of the 1950s and 1960s is unlikely to be feasible. It says that the marked slowing of the industrialised countries' economies during the 1970s was in part a reflection of the first and second oil shocks. That in turn damaged business confidence and hampered investment.

But although such temporary factors played a part in the slowdown, there is also evidence of a more fundamental shift which precludes a return to earlier rapid rates of growth. Those growth rates to a large extent reflected a "one-off" surge in productivity gains in Japan and Europe as those countries "caught up" with technology in the US. That process is now almost complete, the report says.

The scope for a comparable acceleration in productivity during the 1980s and 1990s has also been reduced by a number of other factors. These include the rapid expansion of public sectors and service industries, where productivity is typically lower than in manufacturing, high inflation and increased government regulation.

In parallel, the so-called natural rate of unemployment —the jobless level compatible with stable inflation — appears to have risen markedly during the last 15 years. That implies that government efforts to significantly accelerate economic growth would risk faster price rises even though the absolute level of unemployment is at historically high levels.

The Fund economists say that governments can act to boost the productive potential of their economies, particularly through measures to improve the supply side of their economies.

On current trends, however, they suggest that the average annual potential output growth in the major economics between 1986-88 and between 1989-95 respectively are: Canada 3.0 per cent and 2.7 per cent; US 2.7 and 2.6; Japan 3.6 and 3.1; France 2.8 and 2.6; West Germany 2.6 and 2.2; Italy 2.6 and 25; UK 2.2 and 2.0.

US suspends Iran arms embargo campaign

BY OUR MIDDLE EAST STAFF

THE US has suspended temporarily its campaign for an arms embargo against Iran to give it a further chance to accept the UN Security Council's call for a ceasefire in the Gulf conflict.

The decision to shelve its demand for sanctions followed the 90-minute meeting on Thursday in New York between Mr George Shultz, Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister.

Washington also agreed to renewed consultations on a possible modification of the Security Council's resolution 598 which Iran has neither accepted nor rejected in the hope that Tehran might still be persuaded to comply with the ceasefire call.

The Security Council met again last night to consider ways of ending the hostilities.

The US is still anxious to maintain the consensus achieved with the unanimous adoption of the resolution on July 20, but the five permanent members are still divided over the question of an embargo.

Earlier this week the UK joined the US in calling for immediate sanctions, while France indicated it would be willing to back such a move. Last night the Soviet Union was still reluctant to commit itself, arguing that there were still grounds for hoping that Iran might comply.

China would probably come out in favour of an embargo if all other members endorsed one.

Sir Geoffrey Howe, the Foreign Secretary, told reporters: "This is not a business where one can say we must reach a consensus by tonight, tomorrow, the end of the week or else. It is going to be a difficult, exacting and possibly long task to move to the next stage."

Andrew Whitley reports from Kuwait: The Iranian minelaying ship captured by the US Navy on Tuesday will be destroyed, according to Mr Caspar Weinberger, the US Defense Secretary.

Speaking aboard a guided-missile frigate, the USS Hawes, he said yesterday that there was no point in returning the converted cargo vessel so that it could resume hostile activity.

Mrs Margaret Thatcher, the British Prime Minister, yesterday poured cold water on Soviet suggestions that a UN naval force should be assembled to patrol the Gulf, Peter Bruce writes from Berlin. "It won't work, so there is no point in pursuing it further," she said.

Rome approves plans to free capital transfers

By John Wyles in Rome

THE ITALIAN Government yesterday took a further step towards the liberalisation of capital movements by approving an important deregulation package.

The new norms, already approved by Parliament, alter the bureaucratic emphasis from one where all movements are forbidden unless specifically approved, to one where all is allowable unless specifically forbidden.

The philosophy will be gradually introduced with the aim of achieving full freedom of capital movements by 1992.

The first impact will be the removal, from October 1, 1988, of the necessity for official approval for a range of foreign currency transactions

In 1986 no fewer than 26,000 authorisations were needed to export about L10,000bn. These restrictions will be among the first to be dispensed with when the new regulations come into force.

However, government control over large capital movements will remain for sometime yet, as will the restrictions limiting the period of time for which Italians may hold foreign currency.

Yugoslavia seeks to expand debt principal repayments

BY STEPHEN FIDLER IN LONDON

YUGOSLAVIA has told Western banks it wants a 90-day extension on principal repayments on its loans while debt restructuring talks are held.

Manufacturers Hanover, the leading creditor, confirmed in New York yesterday that the request for a 90-day delay in principal repayments had been received, but that interest payments, which Yugoslavia has been making on time, would not be affected.

Of its $19bn foreign debt, 70 per cent is owed to banks. In June and July, the country was granted a 90-day extension to two principal repayments of $245m, which would have fallen due at the end of the month.

Yugoslavia faces a severe bunching of principal and interest payments this year which has heightened its difficulties in meeting foreign debt payments. Some $2bn in interest and more than that in principal fall due in 1987.

The loans affected by the request for a 90-day delay, effective until the year-end, were restructured in a 1983 accord. All subsequent loan agreements are still within their grace period.

The talks between the banks and Yugoslavia on a rescheduling are expected to take place in mid- to late-October.

S Africa creditors seek to beat debt freeze

BY ANTHONY ROBINSON IN JOHANNESBURG

A GROWING number of South Africa's foreign creditors are taking advantage of the revised "exit clause" included in the three-year debt rescheduling agreement signed in March to convert their frozen short-term debt into repayable ten-year loans.

This was revealed yesterday by Mr Kent Durr, the deputy finance minister, who said $441m of the $13bn frozen by the September 1985 partial debt moratorium had been converted in this way since July. Mr Durr was speaking in the parliamentary debate on the income tax amendment bill which includes measures to prevent tax evasion by South African companies using loopholes in the four so-called independent homelands.

Under the terms of the March re-scheduling agreement in London between South Africa and 34 major creditor banks Pretoria agreed to repay over a three year period $1.42bn of the over $13bn of short-term bank and other debt frozen under the partial debt moratorium. At the same time it negotiated an "exit clause" which offered foreign creditors the option of converting frozen short-term claims into repayable long term debt. Creditors choosing this option are eligible for the repayment of 13 per cent of their formerly frozen funds before June 30, 1990. No repayment is scheduled for the next two years followed by repayment of the balance in 10 equal half yearly instalments spread over the remaining five years.

The exit option only came into effect in July. Commenting on the debt conversion figures Mr Durr claimed they reflected a return of foreign confidence in South Africa which has repaid over R15bn in foreign debt over the last two years but still managed to double foreign reserves to R8bn over the last six months

Rich who fail to get the pleasure

By Our Tokyo Correspondent

JAPAN WILL become the richest country in the world this year, in terms of per capita gross national product, but the country's living standards remain second rate, according to a study by Tokai Bank, a leading Japanese commercial bank.

The report predicts that Japan's per capital GNP will rise to $19,500 this year, about $600 per person ahead of the US figure. However, it said that Japan's standard of living is far from being the best.

Tokyo's consumer prices are higher than those in any other major international city. The price of beef, for example, using Tokyo as a base of 100, is only 42 in New York, 61 in London and 52 in Paris. The average house in Japan costs 5.6 times the average annual wage to buy, compared with three times in the US, 3.6 times in the UK and 2.7 times in France. Also, the quality of Japanese houses—known by the derisive term, rabbit hutches—is much lower than that of Western houses. The average floor space of a Japanese house is only 60 per cent of that of a US house.

Japan inflation fear prompts credit curb

BY STEFAN WAGSTYL IN TOKYO

THE BANK of Japan yesterday tightened its control of credit in a bid to dampen fears about inflation and put a brake on recent rapid growth in the money supply.

Central Bank officials said they were limiting to 3 per cent the growth in lending by commercial banks in the final quarter of 1987. This compares with a 6 per cent target for the current quarter.

But bankers and economists in Tokyo warned against seeing the move as a sign that Japan was reneging on promises made to the US and to European countries to continue stimulating its economy.

Rather the Bank of Japan's measures were aimed mainly at reducing any risk of the economy overheating, they said. Moreover, the bank's room for manoeuvre in cutting money supply growth was constrained by its commitment to stopping the yen from appreciating further against other currencies.

Nevertheless, Mr Kiichi Miyazawa, the Finance Minister, and Satoshi Sumita, Governor of the Bank of Japan, could face tough questioning in Washington in the next few days when they attend meetings of the G5 and G7 groups of industrialised countries and of the International Monetary Fund.

The Bank of Japan's fears about inflation have been prompted partly by increases in costs of some raw materials — particularly in the booming construction industry — and partly by rapid increases in money supply growth. In August, the latest month for which figures are available, money (M2 plus certificates of deposit) grew 11 per cent, compared with an informal Bank of Japan target ceiling of 10 per cent.

Earlier this week, Mr Sumita said that although the Bank of Japan continued to keep an eye on currency movements, it now found it necessary to watch prices also. One of his officials said later "the powder (of inflation) was geting drier and drier."

Despite the growth in supply, demand for money — primarily for investment in equities and in land — has been pushing interest rates up.

Chip output controls to be eased

By Ian Rodger in Tokyo

JAPAN'S Ministry of International Trade and Industry will further ease its controls on semiconductor production in the fourth quarter in response to growing overseas demand.

In particular, output of 1 megabit dynamic random access memory (DRAM) chips will be allowed to rise 79.2 per cent in the fourth quarter to 21.5m units compared with the current quarter.

MITI said demand for these chips, which are used in the latest models of personal computers, has been rising sharply, especially in foreign markets. MITI expects two-thirds of these chips to be exported, mainly to the US.

MITI has controlled the output of chips in Japan since early this year when friction developed between Japan and the US over the implementation of a bilateral semiconductor agreement. The US complained that excess production by Japanese makers was causing dumping in third markets.

Pretoria 'approached' ANC

BY VICTOR MALLET IN LUSAKA

THE SOUTH AFRICAN Government has been trying quietly over the past three months to make contact with the African National Congress opposition. Intermediaries are said to have approached the ANC on three occasions, including the recent meeting between ANC leaders and liberal Afrikaner whites in Senegal.

The latest approach is understood to have been made in Lusaka, where the ANC has its headquarters, on the express instructions of a government colleague of Mr P. W. Botha, the South African President. The ANC, which is waging a guerrilla war to overthrow white rule, is outlawed in South Africa.

Members of the Government publicly accuse the organisation of terrorism and Communism, but talks between the ANC and leading white South African businessmen, academics, churchmen and others have been held with increasing regularity

This month, one of the more liberal members of the government, Mr Stoffel van der Merve, the deputy minister responsible for constitutional affairs and information, hinted at the possibility of a deal whereby the ANC would be legalised if it renounced violence.

S Korea growth to fall to 7%

BY MAGGIE FORD IN SEOUL

INDUSTRIAL disputes in August are likely to cut South Korea's growth rate to about 7 per cent in the second half, leading to an overall increase in gross national product for the year of 11 per cent, Mr Chung In Yong, deputy Prime Minister and chief economic planner, said yesterday.

The economy grew by about 15 per cent in the first two quarters of this year, following an annual figure of 12.5 per cent in 1986.

Mr Chung said factories were now back to normal. The strikes had been an indication that South Korea was becoming a mature industrial society.

Assuming that they did not break out again, the main problem they posed for the economy was a possible rise in the inflation rate.

Other difficulties, such as the release of funds for flood relief and selectionissues such as a rise in the price of rice and election spending would cause difficulties in controlling the money supply, the minister said.

He added that South Korea's foreign debt had been reduced in the past two months by a further $1.5bn to $38.8bn, compared with $44.5bn at the end of last year.

The Ministry of Finance yesterday announced that tariffs would be reduced on 171 imported products, partly to ease domestic inflation and partly to reduce trade friction.

The reductions precede a meeting in Washington next week between Mr SaKong Il, the Finance Minister, and Mr James Baker, the US Treasury Secretary. Mr Baker is believed to have written to Mr SaKong last week warning that the appreciation of the won currency had not been enough.

Among items where traiffs will be reduced are machine tools, cosmetics and household appliances. The average rate of reduction will be 24 per cent.

Fiat chief attacks plan to raise VAT

By Alan Friedman in Turin

MR GIANNI AGNELLI, the Fiat chairman, yesterday sharply criticised the Italian government's 1988 budget proposals, saying the increase in VAT and other measures would penalise industry.

Speaking at the annual meeting of IFI, his family holding company, Mr Agnelli said some of the measures would hit company results which were deemed to be "excessively brilliant." He made special reference to VAT increases, which took the form of a temporary 120-day 4 per cent rise announced last month and a 1 per cent rise contained in the government budget. It would be better to put up the price of petrol to raise cash rather than increasing VAT paid on cars, he said.

Mr Agnelli also commented on the conflict between Fiat and the IRI-STET state holding group over the appointment of Mrs Marisa Bellisario as managing director of the new TELIT telecommunications company which pools IRI and Fiat's telecoms subsidiaries. The controversy was sparked by a Fiat threat on Tuesday to pull out of Telit because it accused IRI of naming Mrs Bellisario "unilaterally" to Telit. Mr Agnelli said he hoped that Telit could still be formed, but that if this were not possible "we have no fear of continuing on our own."

Democracy is back on the floor in the S Pacific, writes **Robin Pauley**

Military stamps on Fiji peace hope

LT COL Sitiveni Rabuka yesterday emerged from behind the scenes in Fiji to stage his second coup this year to kill any chance of a peaceful political solution to the South Pacific island state's ethnic crisis.

The first coup on May 14 ousted the newly-elected government of Dr Timoci Bavadra, exposed Fiji's simmering racial tensions to the world and blew apart in 30 minutes the notion that Britain had left behind a stable democratic parliament after independence in 1970.

The model appeared to be working for as long as the conservative Alliance Party was returned to power with Ratu Sir Kamisese Mara, its leader, as Prime Minister. He is a Melanesian and his party derived its support from the indigenous Melanesian community.

In April Ratu Mara and his party were unseated in a general election by Dr Bavadra's National Federation-Labour coalition. The coalition brought together Fiji's Indian population and poor Melanesians. Although Dr Bavadra is a Melanesian, his victory was a triumph for the Indian community and all but four of his Cabinet Ministers were Indians.

This was the Melanesian nightmare brought to life. The Melanesians had long watched the rising prosperity of the Indian population, descendants of cheap labour imported by the British 150 years ago to cut sugar cane. They worked exceptionally hard, building up small businesses and eventually became the wealthy backbone of the country's commerce and industry.

The Indian population also increased steadily to the point where it outnumbers the Melanesian in the 714,000 population, although they are concentrated in the two largest of the 300 islands. Indians comprise about 49 per cent of the population, Melanesians 46 per cent and the rest are Chinese, Malay and European.

Melanesian pride could stand the Indian prosperity but not its assumption of political power. Lt Col Rabuka led the almost exclusively Melanesian army to oust Dr Bavadra and his Indians in the first military coup to occur in a South Pacific democracy.

Since then the racial divisions have deepened. The Indians have used their economic muscle in protest. Shops have been repeatedly closed in protest. The sugar crop, a key earner of foreign exchange, remained unharvested for months as the Indians who own 90 per cent of the sugar farms refused to cut the cane and take it to the mills for crushing.

Simultaneously the country's other key foreign currency source, tourism, dried up and had only recently started to recover following a concerted campaign of cheap flights and heavily discounted holidays.

Shortly after the May coup the military agreed to move to the background and allow Ratu Sir Penala Ganilau the Governor General, to rule by emergency decree. However, it has been clear from the start that Ratu Ganilau has only been able to rule with the consent of Lt-Col Rabuka who made no secret that his aim was to ensure guaranteed political supremacy for Melanesians for all time.

Lt Col Rabuka was a member of the Governor General's committee considering changes to the constitution. This was boycotted by Dr Bavadra. At one point the committee was considering a recommendation that 40 out of 52 seats in parliament should be reserved for Melanesians- an idea supported by the influential Great Council of Chiefs and by the militant Taukei Movement which takes its name from the Malanesian for "original owner".

As long as developments moved this way Lt Col Rabuka remained happy. But Taukei got increasingly out of hand, with physical and arson attacks against Indians. Looting and a heightening of the racial temperature. Faced with this and the serious economic crisis Ratu Ganilau looked for a political solution which might lead at least to some form of quasi-democratic parliament.

The breakthrough came on Wednesday when Dr Bavadra agreed to drop a Supreme Court case questioning the legality of Ratu Ganilau's dissolution of parliament after the May coup. In return the governor general and Ratu Mara agreed that the two political parties should have a nequal number of portfolios in an interim government. Neither would take the prime ministership; the governor general would presumably have chaired cabinet meetings.

The interim government was due to meet for the first time on Monday. But this was clearly too much of a concession to the Indians for Lt Col Rabuka who said it was against the objectives of his May coup.

So he moved in again. The outlook this time is much bleaker for the restoration of democracy. It will be very difficult for Ratu Ganilau to push the military to one side again, having failed to deliver their objectives. Dr Bavadra's chances of being involved in any meaningful power-sharing also appear slimmer than ever.

Lt.-Col. Rabuka: Concessions to Indians too much

The May coup also demonstrated that Fiji can expect very little in the way of external help. Australia and New Zealand ruled out military intervention although those countries' trade unions implemented an effective trade block

Britain's role is that of an interested bystander as Fiji is an independent state. The Queen is head of state of Fiji as Queen of the Commonwealth rather than as Queen of England.

Commonwealth ministers back Lawson debt plan

BY CANUTE JAMES IN BARBADOS

COMMONWEALTH finance ministers have supported proposals by Mr Nigel Lawson, the Chancellor of the Exchequer, for easing the debt problems of the world's poorest countries.

However, some ministers, at the end of a two-day meeting, suggested that the Chancellor's suggestions do not deal sufficiently with the problems of indebted middle-income countries.

The official communique said Mr Lawson's proposals, which include reduced interest rates, the lengthening of repayment periods and the conversion of some loans to grants, were "strongly recommended to the creditor countries for early approval."

"There was support right around the table for the proposals," Mr Lawson said before leaving here for Washington for meetings of the World Bank and the International Monetary Fund.

Sir Shridath Ramphal, secretary general of the Commonwealth, said the conference's support for the Chancellor's proposals was a "significant" success.

But Mr Ray Robinson, the Prime Minister and Finance Minister of Trinidad and Tobago, suggested that the Chancellor's plans would have no impact on the countries they were intended to help.

"To be frank and brutal," Mr Robinson said, "the reasoning behind Mr Lawson's proposals is: let us help the poor, as they will remain poor, but when it comes to countries which might compete with us, be careful."

Mr Lawson later dismissed the Prime Minister's assessment as "totally unfair," saying it must have been the result of Mr Robinson's sense of humour.

The ministers delayed action on suggestions by Mr Edward Seaga, the Prime Minister of Jamaica, for a new programme, supervised by international financial institutions, to reduce the debt burdens of middle-income developing countries.

Dr Kalu I Kalu, Nigeria's Planning Minister, indicated he was not comfortable with the suggested surveillance by international financial institutions.

The Finance Ministers said in their communique there was urgent need for an agreement by year end on a "substantial" enlargement of the structural adjustment facility of the International Monetary Fund, "following the IMF managing director's proposal for at least a tripling to SDR 9bn of the resources available to the facility."

Portugal to repay foreign debt early

By Peter Wise in Lisbon

PORTUGAL will make dollar and yen payments totalling Es 100m ($700m) later this year in early repayment of its foreign debt, the Finance Minister, Mr Miguel Cadilhe, announced yesterday.

The foreign debt stood at $16.95bn in April, an increase in dollar terms of 4.2 per cent from the end of 1986, but a decrease of 1.2 per cent in escudos.

FINANCIAL TIMES

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OVERSEAS NEWS

Australia card fiasco costs Hawke a trick

An attempt to combat tax evasion and welfare fraud has foundered on a technicality, reports Chris Sherwell

FOR POLITICAL theatre, especially of the tragi-comic kind, Australia takes some beating. The controversy which has erupted over the Australia Card is no exception.

The card is the centrepiece of a new national identification system which the government wants introduced to combat tax evasion and health and welfare fraud.

Prime Minister Bob Hawke dissolved parliament over the issue in May and subsequently won a historic third election in a row. Less than three months later, however, the plan is in deep trouble, having foundered on an astonishing technicality.

Even more astonishing, some members of the government, far from being embarrassed, are quietly relieved because of the extraordinary level of popular resistance which has surfaced in recent weeks. Better still, they have the opposition parties to blame.

The opposition, for its part, reckons it has scored a remarkable victory which, added to other tactical blunders by Mr Hawke since the election, is reviving its fortunes. That remains unproven.

Either way, an estimated A$1bn of revenue, which the card was expected to generate annually, looks at risk - hardly encouraging for an economy struggling with a huge foreign debt and current account deficit.

How did such an extraordinary state of affairs come about? The answer goes back to 1985, when Mr Hawke first decided on the Australia Card, with the aim, it might be added, of issuing it by March of this year. The idea met with a mixed but hardly explosive reaction. Mistrust of government runs deep in Australia, so libertarians worried that the card would not adequately maintain individual privacy.

On the other hand tax cheating and welfare fraud had reached such heights that innocent citizens were rightly angry and welcomed a solution.

In a highly political country, all this made the card a highly political issue. The opposition parties in parliament - Liberals, Nationals and Democrats - decided not to support the move, and twice frustrated the legislation in the upper house, the Senate, where they could muster a majority.

Yet despite going to the country on the card, Mr Hawke and his ministers were barely tackled over it during their victorious election campaign. The opposition simply saw no mileage in the issue.

That has all changed in the past few weeks, as popular resistance spanning the whole political spectrum has led to the formation of well-organised pressure groups.

With the issue on everyone's lips, tens of thousands of people have begun staging protest marches along streets of the country's state capitals. Even businessmen who respectfully listened to Mr Hawke justifying his economic policies at a recent post-budget dinner, responded almost unanimously to a call for a show of hands against the card.

Inevitably, speculation grew that the government would be forced, somehow, to drop the plan. Until last Wednesday, that seemed impossible. The government was determined on the legislation and aimed to push it through a joint sitting of the two houses as provided by the constitution.

Enter a retired former deputy secretary of the Attorney General's Department. Outraged by the plan, he combed the legislation for a loophole - and found one of the most elementary kind.

The government, it transpired, had included provisions for an unspecified start-up date of the card in the regulations which were to give the legislation effect.

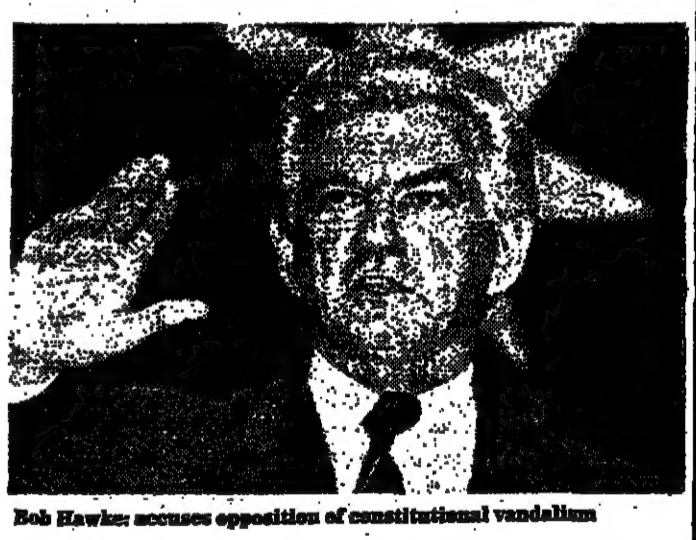
The trouble was, those regulations had to pass the opposition-controlled Senate. Once its attention was drawn to the problem by the opposition on Wednesday, the government tested the upper house's attitude on the matter, and lost.

Had the drafters of the bill provided for the legislation to start up by proclamation, none of this need have happened. Instead the government must now choose whether to press ahead with its original plan and see it defeated, or cut its losses and drop the card - unless it can find some other way through.

Predictably, the abuse is shrill. Mr Hawke has accused the opposition of "constitutional vandalism" and says it is breaking conventions of the past 87 years.

The opposition insists it is exercising its legitimate parliamentary rights, says the legislation is dead and is delighted that the government "has been made to look stupid and foolish to the entire Australian public."

Since neither side has a monopoly of virtue, there is much posturing. But the card is an issue which touches the emotions of all Australians, and the outcome is being watched closely.



Bob Hawke: accuses opposition of constitutional vandalism

UK NEWS

Widow gets £10,000 in Guernsey house case

By Raymond Hughes, Law Courts Correspondent

THE WIDOW of a former United Nations offical has been awarded more than £10,000 damages against the British Government by the European Court of Human Rights in Strasbourg for the "significant moral damage" she and her husband suffered as a result of Guernsey's stringent housing laws.

Mrs Yvonne Gillow and her husband Gerald, who died in June, had complained to the court that the controls breached their right to respect for their home guaranteed by the European human rights convention.

The couple built a house in Guernsey in 1957, and let it in 1960 when Mr Gillow went to work for the UN. When they returned in 1979, their right to residence had been ended by legislation passed in 1970.

They were refused a licence to live in the house during their retirement and when they took up residence without a licence they were prosecuted. Mr Gillow was fined £20. The house was sold in 1980 at what the couple claimed was less than its market value.

Last November the Strasbourg court held that the British Government, responsible for Guernsey's external affairs, had breached the Gillows' right under Article 8 of the convention to respect for their home.

The court has awarded Mrs Gillow £10,735 damages and £2,134 costs and expenses. It said she and her husband had lived with a feeling of insecurity.

Ulster unionists admit illegal march charge

By Our Belfast Correspondent

THE REV IAN PAISLEY, leader of the Democratic Unionist Party, and senior party colleagues walked free from a court in Northern Ireland yesterday after admitting taking part in an illegal march earlier this year.

Mr Peter Robinson, Mr Paisley's deputy, also pleaded guilty to the charge only hours after being freed from Crumlin Road Prison, where he had served three days of a seven-day sentence for refusing to pay road tax in protest against the Anglo-Irish agreement.

The DUP leader, his deputy and four local councillors, pleaded guilty to a charge brought under the new Public Order Act in that they took part in a parade at Cookstown, County Tyrone, on April 17 without giving seven days' notice.

The magistrate granted an indefinite adjournment, telling all six he would consider a jail sentence if they appeared again on a similar charge.

Outside the court, Mr Paisley said the new legislation was "a farce." He said: 'We took an unapologetic stand in court today against the Anglo-Irish agreement and we will continue to do so. The Public Order Act will be broken again.'

Sales of instant meals reach record level

SALES OF instant meals reached a record £473m last year and are now one of the fastest growing sectors of the UK food industry, according to a report published yesterday by the Leatherhead Food Research Association.

The overall rise in demand for convenience and quality has favoured frozen and chilled meals ahead of canned or dried. Although frozen meals are the largest sector of the market, chilled meals are growing at a faster rate, said the report.

Frozen meal sales were worth £267m in 1986, up 18 per cent on the previous year.

Ralph Atkins reports on the success of Pitman shorthand, 150 years old this month

Take a letter, Ms Smith... in 21 languages

PITMAN SHORTHAND, the language of secretaries around the world and bane of trainee journalists, is 150 years old this month.

The invention of Sir Isaac Pitman, a Gloucester schoolmaster turned entrepreneur, is unique. Modern electronic devices have proved incapable of replacing it as a means of recording on paper even the fastest speakers.

The phonetic system which Sir Isaac first used in his book of business correspondence in September 1837, spread with the British Empire across the globe and has been translated into 21 languages - including Tamil, Japanese, Welsh and Latin.

For Pitman Publishing, now a diversified business education and technology publisher, shorthand is still a highly profitable business. The company can still scorn alternative fast-writing systems, such as Teeline and Gregg, which are easier to learn but cannot compete with Pitman at high speeds.

Pitman shorthand replaces cumbersome letters with strokes for consonants and dots for vowels. Short words become simple lines while longer words use more complex outlines - but all are designed to flow easily across the page.

Trained Pitman shorthand writers can easily keep up with normal speakers. The fastest have exceeded 300 words a minute at 99.7 per cent accuracy - equivalent to writing a Financial Times leader in 2½ minutes with two mistakes.

Sir Isaac Pitman, the founder

Sir Isaac Pitman was, himself, an accomplished shorthand writer, reaching speeds of more than 200 wpm. He was also a classic Victorian businessman who appreciated the value of public relations. Mr James Pitman, with no shorthand qualification, is today's head of UK sales at the company founded by his great great grandfather.

"He used to take down sermons, lectures and the speeches of MPs," he said. "That was unheard of in his time."

Sir Isaac scored a significant propaganda victory when he produced a word-perfect transcript of Richard Cobden's anti-Corn Law speech. Another coup came when Hansard, responsible for reporting parliamentary debates, adopted the Pitman system.

With the launch of the penny post in 1840, Sir Isaac set up the first correspondence course and within five years 10,000 people were learning shorthand through the mail.

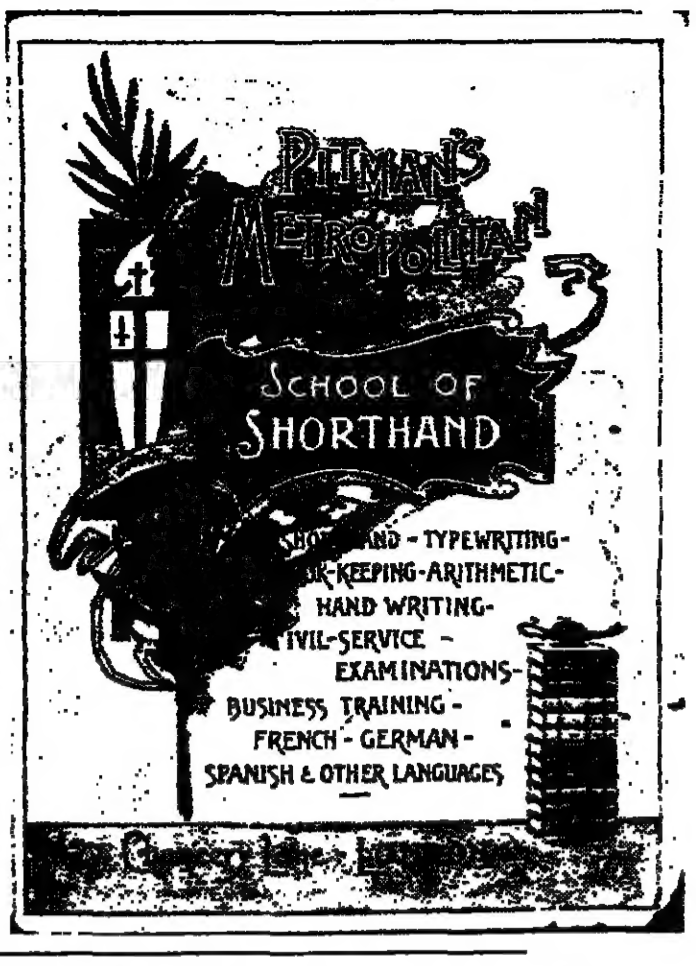
Pitman's Metropolitan College was founded in 1870 to teach shorthand, typing and office routine. Its examination certificates allowed women to take well-paid office jobs - previously a male preserve.

Today Pitman Publishing is part of Longman, the UK publishing company, which in turn is part of the Pearson group, which publishes the Financial Times. Pitman has a turnover of about £10m a year and publishes more than a thousand titles.

Shorthand publications provide a relatively unimportant part of Pitman's repertoire, but in secretarial colleges the discipline remains indispensable for successful entry into office work.

Mrs Cecilia Lumley, principal of the Lucie Clayton Secretarial College in London, says: "Shorthand is absolutely vital. I don't think there is anything which could replace it."

That view was confirmed in a survey of job advertisements by the Office Communications Unit of the Polytechnic of Central London in 1986. It found a shorthand speed of at least 90 wpm is an essential requirement for secretarial and personal assistants jobs.



Market for machine tools 'will decline by 12%'

BY NICK GARNETT

THE UK market for machine tools will be down this year by about 12 per cent, taking price increases into account, according to the latest forecast of the London Business School.

Presenting the 11th forecasting seminar for the Machine Tool Trades Association, the business school said the UK market would be worth £573m for the full year, a fall of 7 per cent when measured at current prices, compared with 1986.

These figures contrast with predictions last September, when the school said the UK market would rise by 14 per cent during this year.

However, the first half of 1987 proved difficult for many UK machine tool builders, especially in their domestic market where re-equipment programmes stalled. Some machine tool companies experienced falls in their total order book of up to 20 per cent.

The business school still remains confident about the next few years. The forecast predicts an 18 per cent increase at constant prices in the UK market for next year, passing the £1bn mark in 1990.

"In real terms this is still some way short of the record levels reached in 1979, but nonetheless represents an increase at constant prices of more than 100 per cent over the bottom year of the slump in 1983."

Imported machines are expected to take 57 per cent of the UK market by value this year. The business school believes this will decline to 44 per cent by 1990.

Burton agrees high price

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

BURTON, the retail group, is to pay £30 a sq ft for 124,750 sq ft of office space in Oxford Street, London. The deal offers further evidence of the pressure on office space in central London.

The rent is thought to be a record for the immediate district.

The accommodation is the top four floors of what was once the Bourne and Hollingsworth department store. It has been converted into offices and a speciality shopping centre by Glengate, a private company controlled by Mr Julian Markham, and Kumagai Gumi, the Japanese construction and property group, which in recent years has made significant UK investments.

The pre-letting of office space to Burton and the opening of the first phase of the shopping centre, called The Plaza on Oxford Street, with 32 of the 37 shop units let or under offer, have effectively underpinned the £100m development.

Rejigged NEI to rejoin CBI

By Nick Garnett

NORTHERN ENGINEERING Industries, the north-east-based manufacturer of power generation equipment, is rejoining the Confederation of British Industry after three years.

NEI withdrew from the CBI after the appointment of Mr Terry Harrison as the company's chief executive. NEI left a number of outside organisations at the time as it concentrated on restructuring.

"Now we feel we are through the restructuring phase, the company is on a more stable footing and we are very pleased to be rejoining the CBI," NEI said yesterday. "We intend to play a very active role in it."

A few other companies, including Taylor Woodrow, have left the CBI only to rejoin the organisation a few years later.

The CBI claims to represent 250,000 companies either directly or through trade associations. In 1980, 70 per cent of its members were in manufacturing, the rest in services. Now manufacturing is down to 60 per cent of membership.

Service companies, which include the Post Office and British Telecom, are now among the largest CBI members.

Thomson signs French deal

By Terry Dodsworth

THOMSON Computers, a UK-based software company, is expanding in France through a deal with Oriane, the French software distributor.

The deal follows Thomson's first move overseas in Belgium, and moves into Italy and West Germany are expected.

It gives Thomson a strong foothold in Europe for software based on the Unix operating system, which is steadily gaining ground as the main alternative to computers marketed by International Business Machines.

Airlines seek approval for halving Canada fares

BY LYNTON McLAIN

AIR CANADA and British Airways want to virually halve their air fares between the UK and Canada after the air services agreement between the countries signed last Friday.

The airlines have filed the proposals with the UK and Canadian Governments for approval.

Air Canada wants to start a Pondhopper return excursion fare to Toronto for £323, £307 less than the current fare. BA wants to do likewise.

The savings offered on fares to Vancouver are also about 50 per cent. The proposed Air Canada fare is £433 return, a saving of £437 over the current fare. BA is offering the same saving.

Air Canada said the fares would require a minimum stay of seven days and payment had to be made at the time of reservation. The airline's Pondhopper fares would be available on all transatlantic flights from London, Manchester and Prestwick to 10 Canadian cities.

Mr John Barnes, the UK general manager for Air Canada, said: "We are delighted the air services agreement has enabled us to pass on such savings to the consumer. Air Canada will be adopting a very aggressive marketing policy in the UK."

Enterprise centre created

BY RALPH ATKINS

THE LONDON borough of Haringey and J. Sainsbury, the supermarket group, have combined forces to create an enterprise centre in one of the poorer parts of London.

The Tottenham Enterprise Centre has been converted from a former Sainsbury's store at a cost of £635,000. It has space for 22 small shops, 13 workshops and nine office units.

The scheme - which could provide about 100 jobs when fully occupied - is the first joint venture between J. Sainsbury and a local authority. The company has given a loan of £25,000 to the centre as well guaranteeing £400,000 loaned by 3i (Investors in Industry), the venture capital group.

Mr Bernie Grant, MP for Haringey, said it was an example of business working in harmony with the community. He welcomed a government grant of £190,000 for the centre that would help to combat a local unemployment rate of 22 per cent.

About three quarters of the centre's units have been filled. The occupants include fashion shops, repair shops and a computer training centre.

Challenge on ingredients

BY LISA WOOD

MANUFACTURERS of foods, drink and pharmaceuticals have been challenged to give more information on ingredients in products.

Mr Maurice Hanssen, president of the Health Food Manufacturers Association of Great Britain, has made the challenge in The New E for Additives.

Mr Hanssen asks alcoholic drinks manufacturers to declare additives, processing aids and sulphite content in drinks

Food manufacturers are urged to cease "health hypes" that "mislead the consumer"

Mr Hanssen said he believed voluntary measures would bring consumer approval and credibility which would help the business of honest manufacturers. However, if they were not introduced voluntarily then consumers should demand Government regulations. *The New E for Additives. £3.50 from bookshops.*

ECONOMIC DIARY

TODAY: Finance ministers and central bankers of the Group of Five leading industrial nations hold informal talks in Washington; joined later by Italy and Canada for a formal session of the Group of Seven.

MONDAY: EC research council meets in Brussels. Food facts (second quarter). Personal income, expenditure and saving (second quarter). Industrial and commercial companies (second quarter). Labour Party annual conference in Brighton (until October 2). International conference on nuclear power in Vienna (until October 2).

TUESDAY: UK banks' assets and liabilities and the money stock (August). London sterling certificates of deposit (August). EC fisheries ministers meet in Brussels. Mr George Bush, US Vice President, to visit West Germany. Rail union leaders to discuss British Rail workshops closures.

WEDNESDAY: New vehicle registrations (August). Soviet Foreign Minister visits Buenos Aires (until October 5). Financial Times holds The FT City Seminar at Plaisterers Hall, London (until October 2). Overtime ban expected to start at the Midland Bank in protest over the recently imposed pay increase.

THURSDAY: EC budget ministers meet in Luxembourg.

FRIDAY: Import penetration and export sales ratios for manufacturing industries (first quarter final, second quarter provisional). Engineering indices of production and orders (July). UK official reserves (September). Housing starts and completions (August). Capital issues and redemptions (September).

APPOINTMENTS

Tranwood Group chairman

Mr Robin Stormonth-Darling has been appointed chairman of TRANWOOD GROUP. **Mr Nicholas Oppenheim**, the former chairman, has become joint executive deputy chairman together with **Mr Peter Earl**. Mr Stormonth-Darling retired in April as chairman of Alexanders, Laing & Cruickshank. He has also played a prominent role as a regulator in the City. Between 1981 and 1985 he was chairman of the Quotations Committee of the Stock Exchange. He was also deputy chairman of the Takeover Panel until June, 1987. Although no longer active as a member of the Stock Exchange or a member of the Securities and Investments Board he is still chairman of the Stock Exchange Disciplinary Appeals Committee.

*

Mr Paul Thompson has been appointed chairman of COUNTY POTTERIES, while **Mr John Barnish** and **Mr Chris Church** have become directors. **Mr Oswald Dookery** and **Mr Charles Mitchell** have been appointed non-executive directors. **Mr Aquilina** and **Mr Messias** have resigned as directors.

Mr David James, marketing director of the ABERDEEN EXHIBITION CENTRE, has been confirmed as managing director.

*

A.CAIRD & SONS has appointed **Mr John M.Craig** as an executive director to assume responsibility for developing the company's property base.

*

At FROST & SULLIVAN **Mr Clifford Prowse** moves to vice-chairman prior to retirement. **Mr Daniel Sullivan** takes over the managing director role in addition to the chairmanship.

*

Mr Robert John has been promoted from technichal manager to technichal director at SOFTSERV EXPERT and FINANCIAL SYSTEMS.

*

Mr Anthony Pincott has joined KAYE ALUMINIUM as finance director and company secretary. He was finance director of an associate company in Belgium.

*

LAZARD BROTHERS & CO has appointed **Mr Patrick Chrimes** and **Mr Justin Scott** directors of Lazard Investors, the investment management subsidiary of Lazard Brothers.

*

The BRITISH METALLURGICAL PLANT CONSTRUCTORS' ASSOCIATION has appointed **Mr M.Roberts** as chairman and **Mr F.E.Hart** to continue as vice-chairman. Mr Roberts is managing director of the Bronx Engineering Co and deputy chairman of Verson International Group. Mr Hart is director, sales and marketing, at Babcock Woodall-Duckham.

*

AUTOMATION has appointed **Mr Peter Malengrez** its managing director. He was previously based in Paris as managing director of a subsidiary of Renault Automation (part of the Renault motor group).

*

Mr John Smith has become director and general manager of INCO ALLOYS. He was previously production operations manager.

*

Mr Jean-Michel Six has been appointed managing director of DRI EUROPE, based in London. He comes from Paris where he has been head of the DRI office for the last two years.

Sunmed merges with BA tour subsidiary

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITISH AIRWAYS has decided to merge its loss-making package-tour holiday subsidiary with Sunmed Holidays, a fast-growing specialist tour operator, to form the UK's fourth-largest travel company.

The merger, announced yesterday, might lead to the loss of up to 100 jobs as a result of overlap in the companies, although neither company was prepared to confirm that yesterday. BA is understood to be meeting the unions shortly about the implications of the deal.

The move is part of a series of realignments in the UK travel industry as a result of the fierce price competition in the holiday market.

The Rank Organisation, for example, last month sold its Wings travel company to the Bass brewing group, which this year bought Horizon Holidays.

Under the deal announced yesterday, British Airways Holidays and Sunmed will form a new joint company, the name of which has yet to be announced. Neither company would disclose financial details of the merger.

British Airways Holidays, the BA holiday subsidiary, last year lost £4.8m as a result of the fierce price-cutting war and that had led to considerable speculation in the travel trade as to the future direction of its holiday operations.

Mr Jim Harris, BA's director of marketing, recently criticised the travel trade for this fierce price competition. "We are worried that too much price competition is leading to a lowering of standards and that must be bad for the holidaymaker," he said.

British Airways Holidays trades under four main brand names - Enterprise, Flair, Sovereign, and Martin Rooks. The Sunmed brand names are Go Greek, Go Turkey, and Go Ski. All the brand names will continue to trade normally.

Sunmed, which was founded in 1972 as a Greek island specialist tour operator, has also become the leading tour operator in the fast-growing Turkish holiday market.

Mr Vic Fatah will own 50 per cent of the new company, along with British Airways. Mr Fatah will be managing director and in charge of the operations of the holiday companies.

The merged company will have a capacity to sell some 850,000 overseas holidays. That puts it fourth in the travel market, after Thomson Holidays, Intasun, and Horizon.

DTI fraud investigations staff up by nearly half

BY RICHARD WATERS

THE INVESTIGATIONS branch of the Department of Trade and Industry increased its staff by nearly 50 per cent in the 1986-87 financial year, according to the department's annual report on British companies, published yesterday.

The branch, which investigates fraud and other types of corporate misconduct, had 47 staff by at the end of March - up from 32 a year before.

The increase enabled it to pursue 164 complaints against companies, or 27 per cent of the requests for investigations, compared with the previous year's 21 per cent.

The report, Companies in 1986-87, also shows that the department forced 45 companies to wind up, compared with 20 the year before. They included City Investment Centres, which traded as The Share Shop, and McDonald Wheeler Fund Management and Prior Harwin Securities.

The department said the increase did not reflect a crackdown. It added: "We act when we feel it is in the public interest."

Other findings in the report include:

● Companies are filing their annual returns and accounts more promptly. After a campaign by the Companies Registration Office, 80 per cent of active companies filed both documents on time.

● Liquidations notified in England and Wales rose by fewer than 100 to 18,930.

Companies in 1986-87.HMSO, £4.95.

Group of managers quits PA Technology

By Peter Marsh

A GROUP of senior managers has resigned from PA Technology, the technology-development arm of PA management consultants.

It is believed that the group is discussing a bid to take over at least part of PA Technology, one of the world's biggest technology consultants, although PA could not confirm that yesterday.

Mr Bill Williams, director for business development at PA Technology, based in Melbourn, near Cambridge, said 'a handful' of managers had resigned. 'It is not affecting the way we do business,' he said.

PA Technology has annual sales of about £20m, derived mainly from fees from blue-chip clients which have included Philips, International Business Machines and Cadbury Schweppes. It employs 350 people, roughly half of them scientists and engineers, based in the company's Melbourn laboratory, which has 300 employees, and in a second centre in Princeton, New Jersey.

In the past year, the company, which contributes about a fifth of the total income of the PA group, has been affected by a series of internal disruptions.

In that time, PA Technology has closed its continental European laboratory in Brussels in what the company said was a move to reduce overheads. Another research centre - in Melbourne, Australia, which employed 40 people - has been the subject of a management buy-out.

Another sign of disarray was the resignation in September last year of Mr Gordon Edge, PA Technology's chief executive, who had founded the company in the early 1970s. He was replaced by Mr George Buchanan.

Mr Edge left to form another consultancy, Scientific Generics, and took with him a number of former PA employees. About the same time, another team of managers left to form another rival organisation called Core Consultancy Group.

Mr Buchanan said yesterday that in the past year, about 25 people had left the company's Cambridge laboratory, which was about double the number in a normal year.

He said the company "is probably in better shape than ever before."

Feona McEwan looks at how the consumer has become an 'assertive individualist'

Soft sell stalks the sophisticated shopper

THE BRITISH consumer is a changed person - fussy, sceptical, determined to get what he or she wants, and, above all, individualistic.

Gone are the follow-the-crowd consumers of the 1960s and 1970s. Collectivism, apparently, is dead. Eight years of Thatcher rule have, according to a new research project, spawned a new breed of assertive individualists.

A study conducted by Ogilvy and Mather, the advertising agency, identifies key shifts in mood and outlook between the consumer of yesteryear and of today. Although its findings tend to be expressed in marketing jargon, it gives clues to the way in which yesterday's naive consumer has become today's realistic-verging-on-the-cynical consumer.

The implications of the "new consumer" touch all marketeers and Mr Miles Young, the project manager and a director of O & M, said advertisers in particular ignore them at their peril. The effect of the change in outlook by consumers is that it leads to changes in the relationships between consumers and brands and products.

The profile of the modern consumer that emerges is a complex one demanding an increasingly sophisticated understanding from advertisers seeking to promote their products. For example, people's attitudes to material possessions change with increased living standards and the mere desire to possess them is nowadays not enough reason to buy.

Mr Young said: "In the 1960s and 1970s, possessions alone were sufficient. But nowadays the concept of ideal homes stuffed with material goods doesn't work. Now that most people have a full pantry of electronic wonders, people are looking for meaning beyond the fact of possessions. Possessing is not enough."

Purchases, he claims, have to "mean something" - people are conscious that the goods they buy say something about themselves. There is an increasing obsession with style.

Another facet of the new consumer is what O & M likes to call a "new man-ism." It reflects a blurring of the traditional roles between the sexes and in the family set-up, according to Mr Young. "As the old order changes, so this has had an effect on the definition of the role of the sexes. New man represents a much more female version of man." Visual images now show men in a more caring, sensitive light, viewed from behind for example, where before they were assertively full frontal.

The other side to this role-blurring is what O & M identifies as "seeping feminism." Mr Young explains: "There's a myth that the high number of working women mean that the family is being abandoned. This is not the case. The feminist movement has affected women's attitudes, changing the way people view the family rather than undermining the family.

"Now women are home managers more than housewives, looking for fulfilment outside the home. The family is seen as a set of relationships between individuals rather than a set of well defined roles." He cites the popular Oxo advertisements (which shows, in one instance, dad cooking for his affectionately teasing family and enjoying a joke at his own expense) as an example of the new school of advertising, calling it an oblique, "soft sell" approach. "Everyone today is more individualistic, so advertising has to adapt to that."

The O & M project based its findings on a substantial qualitative and quantitative research programme, involving 2,000 interviews. In a gesture of self-sufficiency that would doubtless find favour with the Prime Minister, 86 per cent of those interviewed admitted they always tried hard to improve themselves and more than three quarters believed they had to look after themselves because no one else would.

The emergence of a consumer so individualistic and determined to succeed affects his or her buying behaviour. They look to products and brands, says Mr Young, that will help them achieve this. So the old approach that "brand X is for people like me" is replaced with the converse approach that "I have chosen brand X."

Advertisers would have us believe, therefore, that when consumers buy mass-produced but stylish and popular goods such as 501 Levi jeans or a Fred Perry shirt or a pint of Guinness, they are making an individual statement - for instance, that they are the sort of person to insist on buying the high-quality original rather than a cheap imitation.

The make-up of the new consumer makes advertising more difficult than it used to be. Other factors contribute too, such as the shift from the written to the visual, the word to the image, which is apparent everywhere. Advertisers must therefore make their messages more visual, abstract and multi-layered to give the consumer something to "decode."

It also means advertisers need to rethink the way they tackle their work, says Mr Young. Instead of the old-fashioned military approach of defining a brief in terms of setting objectives, for instance, more attention will need to be paid to the texture of the advertising, its tone, its execution, and its quality.

Entertainment income tax rule abolished

BY RICHARD WATERS

THE GOVERNMENT has abolished a controversial tax rule intended to force people to pay tax if they were entertained by business contacts.

The rule, introduced in the 1976 Finance Act, was described by one tax expert yesterday as "absurd". It brought into the tax net all benefits received as a result of a job.

They included such items as lunches and other entertainment, even if the only subject of discussion at the event was business.

Tax advisers said that several of the Revenue's special tax offices tried to collect the tax. Mr David MacLean, an Arthur Young tax partner, said that pursuing the tax was "fairly rife a year ago."

Mr Derek Chapman, a Touche Ross tax partner, said: "People were only being assessed to tax when the Revenue regarded the entertainment as excessive. Lunch would be all right but if you were taken away for a weekend they would charge you."

Companies were given the chance to pay the tax on behalf of those they had entertained, rather than "shop" their guests to the Revenue. Mr MacLean said that several companies paid the tax rather than risk the embarrassment.

Under the rule, all employees had a legal duty to report the value of all entertainment they had received on their tax returns. In practice few, if any, were even aware of the rule.

The Inland Revenue said that it would not pursue any unsettled cases but anyone who has paid the tax will not be able to reclaim it.

The Revenue said that the tax "raises numerous practical difficulties for the recipient, his employer, the provider and the Revenue, and the Government has concluded that the present rules cannot be effectively and satisfactorily enforced."

That will not affect entertainment provided by employers, which will continue to be taxed - with the exception of £30-£35 a head for Christmas parties or similar functions.

Cost threat to garden festivals

BY RALPH ATKINS

BRITAIN'S PROGRAMME of national garden festivals might be halted after 1992 unless it meets value-for-money criteria, the Government said yesterday.

Mr David Trippier, minister responsible for inner cities and urban development, said consultants were being appointed to assess the performance of the events. He did not expect a national garden festival to be held in 1994, breaking a series of biannual festivals started in 1984.

National garden festivals, based on a German idea and organised by the Government, aim to bring about a rapid reclamation of derelict land.

Preparations are under way for garden festivals in Glasgow in 1988, Gateshead in 1990 and Ebbw Vale in 1992. Previous festivals have been held in Liverpool and, last year, in Stoke-on-Trent.

Yesterday, Mr Trippier said the Government wanted to evaluate the success of the first three events before deciding whether to hold any more. The consultants are expected to report in 1989.

Mr Trippier said: "It is, however, clear that any future festivals require a preparation period of at least five years and that an interval of two years between festivals is not long enough."

Mr Trippier told members of the British Association of Landscape Industries meeting in Sutton Coldfield, West Midlands, that an important objective of government policy was to improve the environment in which people work, live and take their leisure.

Call for more judges to cut civil law delays

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MORE JUDGES and more courts are needed to reduce scandalous delays in civil litigation, Lord Lane, the Lord Chief Justice, said yesterday.

Lord Chief Justice Lane

Lord Lane gave the example of the Commercial Court, which, he said, was the victim of its own efficiency and worldwide popularity.

Its judges spent much of their time dealing with litigants who were nothing to do with the UK and with disputes that had arisen on the other side of the world, while "native litigants" had to take their turn in the queue.

Lord Lane, who was opening the second annual conference of the Bar in London, said that no one wished to close down the Commercial Court to foreign litigants, who were a source of invisible earnings for the UK. But, paradoxically, if the court was less efficient, it would have less work and be much quicker.

Mr Andrew Longmore, QC, told a conference workshop on commercial law that the huge amounts of money involved in insurance transactions were a constant temptation to the dishonest.

In the last few years there had been an enormous increase in insurance fraud. One reason was the large amounts paid in premiums. Another was the fact that the market had expanded out of all recognition.

A third factor was the "surprising informality" of the London insurance market. Complex risks involving enormous sums were often recorded on a single piece of paper with almost no negotiation.

In other markets, especially the US, much more was written down and there were fewer opportunities for fraud. Mr Longmore said that while insurance frauds tended to bring the market into public disrepute, public criticism did not always realise that the more formal and disciplined the market was, the more the free flow of business between trustworthy people was inhibited.

Mr Peter Cresswell, QC, questioned whether the international banking community had faced up to the fact that the development of electronic banking enabled the fraudster to move the proceeds of his fraud round the world to a "safe" country in a matter of minutes.

It was difficult for a fraud victim to penetrate the banking systems of, among others, Switzerland, Luxembourg, the Netherlands Antilles and the Cayman Islands when banks were too ready to plead the duty of confidence owed to their customers.

In making electronic fund transfer systems available to their customers, the international banks were, at the same time, providing a vehicle that could be used for sophisticated fraud.

Not enough attention was being given by the international banking community or governments to tackling international fraud, Mr Cresswell said.

"Our own Government is mounting an assault against international crime, but all banks and governments must take united action to combat this problem."

Chief executive to join Fimbra from water board

BY ERIC SHORT

MR RAY O'BRIEN, chief executive of the Severn Trent Water Authority, has been appointed chief executive of the Financial Intermediaries, Managers and Brokers Regulatory Organisation. He succeeds Mr John Grant, who is retiring.

He will take over his post after a suitable handover period.

Fimbra is one of the five Self-Regulatory Organisations that will operate the financial services legislation under the Securities and Investments Board.

It will regulate all independent intermediaries providing investment services to retail customers, in particular those marketing life assurance and unit trusts.

It will be responsible for authorising and controlling some 10,000 businesses - more than the combined numbers authorised by the other four SROS.

Mr O'Brien was trained in law and accountancy - two disciplines that will figure prominently in the operations of Fimbra. He has spent most of his working life in local government.

Fimbra inherited the mantle of Nasdim (the National Association of Securities Dealers and Investment Managers) and was therefore in operation well before any of the other SROs.

To date it has 2,700 members with a further 4,000 applications being processed, so Mr O'Brien arrives as the authorisation process builds up to its peak. One of his tasks will be to ensure that there is no logjam.

Liberal whip set to resign to bring in abortion bill

BY PETER RIDDELL, POLITICAL EDITOR

MR DAVID ALTON, the Liberal MP for Mossley Hill, is today expected to confirm his resignation as the party's chief whip in the Commons.

He intends to introduce a private member's bill to reduce the time limit for abortions from 28 to 18 weeks.

Mr Alton feels that he would not be able to undertake his duties as whip while arguing for the bill.

However, Mr David Steel, the Liberal leader, who in 1967 introduced the act outlawing backstreet abortions, and other colleagues have tried to persuade him not to resign.

His most likely replacement is Mr James Wallace, the MP for Orkney and Shetland, and the current Liberal deputy whip.

A curiosity of the affair is that Mr Alton's bill stands little chance of becoming law in its present form.

● Dr David Owen warned yesterday that confrontation between the proposed new Alliance party and his own SDP might damage both parties.

He told a Social Democrat area meeting in Exeter that the split since the June election had done a massive disservice to the cause of proportional representation, which had been a central plank in the Alliance election platform.

"We will not seek electoral confrontation with any merged party though we will not duck confrontation if it is forced upon us.

Britain wins three Italia media prizes

By Christopher Dunkley, in Vicenza, Italy

BRITISH BROADCASTERS have once again done outstandingly well at the Prix Italia, Europe's oldest and most keenly contested programme festival.

The documentary prizes will not be announced until today but British contenders have already taken three of the actual Italia awards and two of the "special" or second prizes.

Most of the glory has gone to the BBC, which has won the Prix Italia for television drama, with Simon Grey's black comedy After Pilkington, and the prizes for both radio and television in the new ecology section.

ITV took the special prize with Scab, Yorkshire Television's drama about the miners' strike.

Southern house price rises 'a good sign'

BY RALPH ATKINS

SOARING HOUSE prices in the south of England should be welcomed because they show market forces are working, Mr Patrick Minford, an economist at Liverpool University said yesterday.

Speaking at a meeting organised by the Centre for Economic Policy and Research, Mr Minford said rising house prices in the south increased costs for companies and encouraged businesses to move north.

He said that for non-manual workers the housing and labour markets were functioning effectively - eliminating regional differences in real wages and unemployment.

Complaints by northerners about the escalation of southern house prices were, he said, "a testimony to the effectiveness of the market mechanism, which keeps down non-manual unemployment and generates new businesses employing non-manual workers in the north".

However, he said that for manual workers living in council houses or privately rented accommodation there were distortions in the labour market that created a "severe inter-regional misallocation of resources."

● House price rises continued to accelerate in the third quarter of this year, according to a survey by the Abbey National Building Society.

The average price of a home in the UK has risen by £2,800 to £45,000 since June. That 6.6 per cent increase compares with a 6.1 per cent increase in the second quarter.

Yorkshire and Humberside reported the largest percentage increase in the quarter. Prices in the region rose 10.3 per cent, taking the cost of an average house above £30,000 for the first time.

Brewer seeks to promote Budweiser

BY LISA WOOD

ANHEUSER-BUSCH, the US brewer, is seeking to increase distribution of its Budweiser beer brand in the UK, where it is brewed and marketed by Grand Metropolitan's Watney, Mann & Truman.

The announcement came yesterday with the renegotiation of the terms of the licensing agreement between Grand Metropolitan and Anheuser-Busch.

The original agreement, made in 1983, gave both parties the right to terminate in September 1987 or September 1992.

The new agreement gives Watney, Mann & Truman the right to brew and market Budweiser at least until 1999. It also commits the American brewer to provide substantial funds to promote Budweiser in the UK.

In addition, the two brewers will seek to build distribution through other brewers in areas where there are few Watney public houses. It is understood that Scottish & Newcastle Breweries is among a number of brewers considering taking the brand. Grand Metropolitan retains exclusive right to sell the brand to off-licences.

Since the launch of Budweiser in the UK three years ago, the brand has taken an 8 per cent share of the premium draught sector in London.

Civil servants in strike vote on ethnic monitoring

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MEMBERS of the CPSA civil servants' union in more than 100 Jobcentres will vote next week on a strike call which *could plunge the union into* conflict with the Government in the courts.

The CPSA members are being urged to strike rather than co-operate with an ethnic monitoring exercise being run between October 14 and 23 in 110 Jobcentres in London, the West and East Midlands, Yorkshire and Humberside.

When the union last organised such action, against an ethnic monitoring trial in three unemployment benefit offices in Leeds and Birmingham last January, the Employment Department unprecedentedly took out a High Court writ on grounds that the strike was political and not a legitimate trade dispute as defined by the Employment Act 1982.

The Manpower Services Commission, which is running the Jobcentre ethnic monitoring scheme, said yesterday: "We are discussing the possible situation that may develop and whether we would again take legal steps."

The strike ballot is being held by the left-led CPSA against the better judgment of its senior officials. At the union's annual conference in May, Employment Department delegates rejected a policy change which would have acknowledged that strikes over ethnic monitoring were "no longer a viable proposition"

Delegates were warned then that further industrial action over the issue would be "disastrous" for the union.

The ethnic monitoring system relies largely on self-assessment by the claimant, but does involve completion by the Jobcentre staff of some questions unconnected with race. The Commission for Racial Equality described an earlier exercise in *Jobcentres, in 1986, as "an important measure"* of how minority groups were being treated.

That survey found that unemployed people from the ethnic minorities used Jobcentres more frequently than the average, that they were referred on *to* as many employers as the average, but that they were less likely than the average to be offered a job.

Clearing banks action spreads

BY JIMMY BURNS, LABOUR STAFF

The long running industrial action affecting Britain's clearing banks looks set to spread next month after leaders of the Banking Insurance and Finance Union decided to implement an overtime ban at TSB Group in protest over staffing levels.

Bifu said yesterday that nearly 83 per cent of those taking part in a membership ballot had voted in favour of the action which is due to begin on October 5 unless talks scheduled for next week produce a settlement.

The Bank - the fifth largest clearing bank and one of Britain's most heavily computerised banking operations - will be hoping that the effect of an overtime ban will be limited. *Just over half of Bifu's total* membership in TSB or only 52 per cent of the Bank's 19,000 staff in England and Wales voted in the ballot.

However Bifu said yesterday that the figures "clearly supported" the union's case that the staffing situation at TSB had become "intolerable" and that members' patience "is exhausted."

"Low staffing and low morale only create problems for the customers," Bifu said.

This is disputed by TSB. It claimed yesterday that it had overcome initial staffing problems provoked by its rapid diversification following last years £1.5 bn Stock Market flotation.

TSB, which has developed *from* a network of regional savings banks into a highly competitive personal financial services group, said it now had an excess *of* 500 employees

The bank has been introducing a wide range of new services including six-day opening, phone-based banking, and electronic bill-payment.

The action announced by Bifu - the only recognised union at TSB - will be preceded on Wednesday by an overtime ban over pay at Midland Bank.

Strategy for year published by GMB

By Charles Leadbeater

A LARGE UNION has for the first time published the equivalent of a business plan for the year ahead.

It is aimed at harnessing the activities of its officials within a clear strategy to increase recruitment, strengthen union *organisation*, win improved employment conditions for women workers, and co-ordinate campaigns against government policy.

The GMB general union's strategy document, New Directions, pulls *together initiatives* considered over the past year into a coherent strategy.

Mr John Edmonds, the GMB's general secretary, described it as a checklist of realistic goals for the union over the next 12 months.

Recruitment and organisation in seven target sectors of the economy, ranging from local authorities to hotel and catering, construction and workers on Community Programme *schemes for the long-term* unemployed, will be the union's highest priority.

It says the system for setting recruitment targets and monitoring the performance of union recruiters will be improved. It suggests that success in recruitment will become a *key factor* in assessing the performance of union officials.

A computerised Jobs Audit will also allow the union to focus its energies on organisations where, *for instance*, there has been a deterioration in health and safety.

Prospect of Christmas mail disruption rises sharply

CHARLES LEADBEATER, LABOUR STAFF

THE PROSPECT of Christmas mail being disrupted by industrial action by postal staff rose sharply yesterday, after the Post Office and the Union of Communication Workers took a firm line in their dispute over a reduction in the working week.

Mr Alan Tuffin, the union's general secretary, said a ballot on industrial action would be completed on November 17. Under trade union law any action would then have to be implemented within 28 days, in the run up to Christmas.

Mr Tuffin said that the union had not decided what form of action it would call, but he did not rule out the possibility of *selective strikes, or an all out* stoppage.

In the meantime the union will launch a campaign aimed at the public, as well as its members, arguing its case for a three hour cut in the working week.

Mr Ron Dearing, The Post Office's chairman, said the industrial action would only harm the business and its employees. He said: "It would be sad if all the gains of the past few years were *thrown away in a useless confrontation*."

The Post Office has offered a one hour cut in the working week, as long as the cost of this is financed by poductivity improvements and changes to the *rate for overtime pay. Mr Tuffin* said the union would consider a range of measures which would claw back some of the costs of a reduced working week, as long as the Post Office offered a cut of more than an hour.

He said it was unlikely there would be further talks on the issue until the ballot had been concluded, and possibly not until industrial action was underway.

The two sides are at odds over the length of the working week. The union says the average working week for postal staff is 43 hours over six days, compared with an average of about 39 hours in industry as a whole. The Post Office says that once paid meal breaks are excluded *postal staff* work a basic working week of 39½ hours.

NUR to demonstrate on jobs

LEADERS of the National Union of Railwaymen decided yesterday to call a series of demonstrations in the cities affected by the announcement this week of *a further* 2,940 job cuts in British Rail Engineering.

The NUR's executive committee has pointedly not opted for a ballot on industrial action on the issue. But the aim of the demonstrations is partly to gauge the mood of members in Derby, York and Crewe on the possibility of such a vote.

The union's leadership was rebuffed on a strike call last year when the workshop membership voted two-to-one against action over a previous round of job cuts. But some union officials believe the mood may since have hardened.

Mr Jimmy Knapp, NUR general secretary, said: "I am convinced that we are now looking at the total closure of Brel - not privatisation - and we are taking the first steps to get the feelings of members on this."

The demonstrations will also be used to raise public awareness of what the union sees as the threat to the workshops. A lobby of Parliament is proposed

NUM overtime ban unlikely to succeed

MOVES TO strengthen the National Union of Mineworkers' ban on overtime coal production, which started last Monday, by including maintenance and safety work, seemed unlikely to succeed, as the first effects of the ban came to light yesterday.

It is understood production has fallen by about 2 per cent in South Wales and by about 10 per cent in Lancashire and Staffordshire.

Mr Des Dutfield, the leader of the South Wales miners, and a leading advocate of a limited overtime ban warned widening the action would lead to divisions in the union. Mr John Northard, British Coal's director of operations, in a speech last night, defended the corporation's disciplinary code, which is at the centre of the dispute.

Milkmen's co-op takes on Dairy Crest

By Charles Leadbeater

THE DOORSTEPS of the quiet town of Wells-next-the-Sea have become the unlikely terrain for a battle between Diary Crest Foods, the Milk Marketing Board subsidiary, and five milkmen, who want to set up a milk distribution co-operative.

The company, which made a trading profit of £46.8m in 1986-87, has taken the co-operative's competitive threat, in a town of 2,500, very seriously. According to the milkmen, it has threatened three of them with an injunction preventing them from setting up the business.

All are former employees of Dairy Crest Foods, and three signed contracts of employment saying they would not solicit business from any of the company's customers within three years of leaving the company. With the help of Usdaw, the shopworkers' union, the three will take their case to the High Court next month.

The battle started in February when Dairy Crest an*nounced that it was closing its* depot in Wells. It offered to transfer the town's milkmen to nearby Fakenham.

Leyland Daf agrees pay deal of 10%

LEYLAND DAF, the truck manufacturer formed by a merger earlier this year, said yesterday it had agreed a two-year pay deal worth a total rise of 10 per cent for 3,000 workers at its plants at Leyland and Chorley in Lancashire.

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Cutting back dependency

THE NEW Conservative philosophy that has taken root since 1979 is now being applied to most aspects of British public life. The method has become familiar: first infiltrate the minds of those who have influence, then win the argument, then follow through. This has worked well in the cases of trade union reform, privatisation, the sale of council houses, and the creation of an atmosphere favourable to markets and even profitability. Not all the policies have been implemented in a perfect manner (privatisation least of all), but the revolution in ideas that has been brought about in eight years is astonishing. Even the leaders of the Labour Party are approaching next week's conference in Brighton on the basis that if they are to have a chance of winning a future general election, they must take the increasingly successful capitalist philosophy into account.

It is against this background that the speech planned today by Mr John Moore, the Secretary of State for Health and Social Security, is best understood. The nub of the matter, in his view, is to change the climate of opinion. Mr Moore wants to dispel the notion that the welfare state was born of a Labour Government in 1945. Welfare, he maintains, is part of a centuries-old British tradition. During most of that time it has been applied to those most in need. The universal benefit paid out by the all-providing state is reduced, in Mr Moore's analysis, to a mid-20th century aberration.

Complicated rules

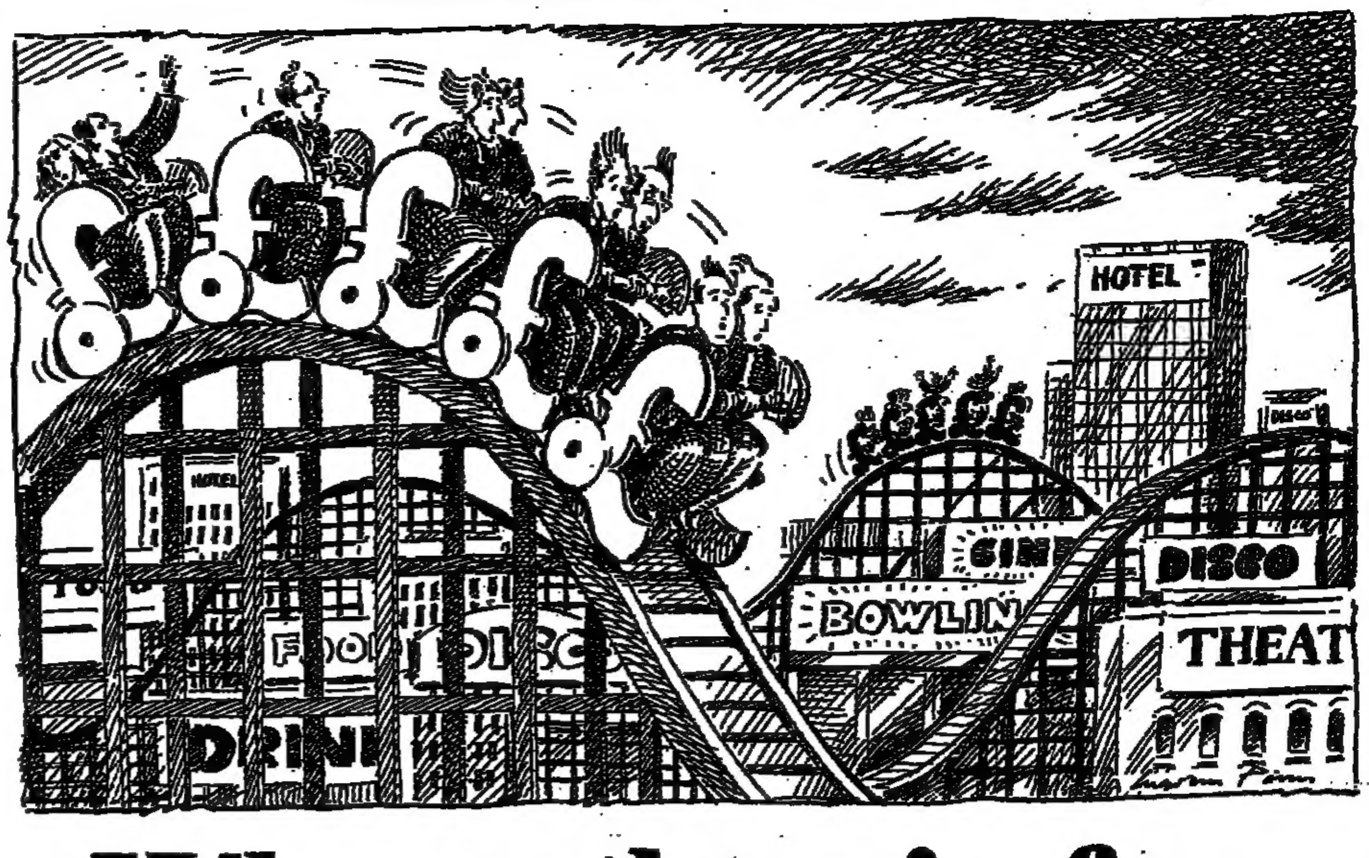
There are, of course, sound reasons why the universal principle was introduced. A means-tested benefit will create a "poverty trap," since its withdrawal as income rises has the same effect as a sharp and sudden increase in personal taxation. Again, where benefits are directed at those most in need the recipients feel the stigma of charity, and take-up is reduced. Yet Mr Moore is in tune with the times when he avers that most people are happier when they are enabled to look after themselves, rather than obliged to rely on the state. Thus the essence of his message is that dependency should as far as possible be reduced.

Few would quarrel with this. If a disabled person can find work, or manage without assistance, that is all to the good (although Mr Moore's choice of this example has to be set against the Government's less than spotless record on disability). If an unemployed youth can be given training or found a job, then that is better than increasing the sense of helpless dependency that a long stretch on the dole might engender. And so on. The philosophy itself should not be a particularly hard sell.

What is not so clear-cut is what Mr Moore hopes to achieve once he feels that the climate of opinion has been suitably altered. He does not promise changes in the Social Security Act of 1986. He concentrates, rather, on explaining its effects. First, the new law (the work of his predecessor, Mr Norman Fowler), seeks to simplify the rules under which benefits are assessed, so people may know where they stand. This has been tried before; the great variety of needs has in the past always led to the recreation of a web of complicated rules. Second, the major pension reform, which is leading to the introduction of personal pensions, is acclaimed. That reform is not quite what Mr Fowler first envisaged: he had hoped to abolish state earnings-related pensions, but found it politically impossible and settled for making them less attractive. Third, funds will in future be more carefully targetted towards those in greatest need. And finally it is implicit in the new Act, according to Mr Moore, that the state should encourage voluntary and charitable caring, as well as that undertaken by "families, friends and neighbours."

The budgetary effect of all this remains to be seen. When the Conservatives first took office in 1978-79 spending on social security accounted for 25.6 per cent of public expenditure; the current proportion is over 31 per cent. Much of the increase is accounted for by the rise in unemployment, but the growth in the number of pensioners, and particularly the very old, will take up a lot of what may be saved as unemployment falls. There are also areas in which spending should beincreased, particularly now that the public sector borrowing requirement has been wrestled to the ground. One example is in bridging the gap between care for the old in institutions and care in the community, where genuine suffering has been caused by inadequate expenditure. Another could be the limits of the new system of loans rather than grants for emergencies. The New Conservative philosophy will not carry total conviction until it fully recognises such needs, even if that means reducing taxation more slowly.

UK LEISURE INDUSTRIES



Where there's fun there's money

By David Churchill, Leisure Industries Correspondent

WHEN Debbie Moore, ex-model and dancer, set up Pineapple Dance Studios in the early 1980s, she was capitalising on the craze for fitness and exercise. Her combination of aerobics and fashionable leisurewear brought her instant stardom when she made her debut on the unlisted securities market in 1982.

But a few years later, Ms Moore learnt the hard way that making money out of leisure can be a fraught business. "Britons can be very fickle when it comes to fitness," she says.

By the mid-1980s, the aerobics fashion had faltered, plunging her dance operations into the red. Although they have since recovered well—yesterday she announced pre-tax profits up 220 per cent to £1.3m in the year ended July 31 1987—Ms Moore has apparently decided that relying on the leisure boom is not a safe strategy; her aim now is to diversify the Pineapple Group into lower profile, less glamorous areas such as promotional schemes for business.

Pineapple survived the fickleness of the leisure market — but others have not been so lucky.

Britannia Park was one of the new generation of US-style theme parks. Built on a reclaimed opencast coal site in Derbyshire, it opened to the public in the early summer of 1985. Three months later — a victim of poor weather and unfinished construction work — it was forced to call in the receiver.

Britannia's failure, however, has not dimmed the lure of the industry for many companies. With £57bn spent on leisure outside the home — 28 per cent of consumer spending — the sectors involved have emerged with sparkling opportunities for growth.

Recent moves confirm this trend. The Bass Group, for example, has paid $475m (£288m) for the Holiday Inn hotel chain outside North America and Mexico. This followed the Ladbroke Group's $1.07bn (£652m) acquisition earlier this month of the Hilton International chain, and Brent Walker's purchase of the Trocadero leisure complex in London's Piccadilly for £90m. All these companies are gambling heavily that tourism, both at home and abroad, will continue to expand in the 1990s.

But what makes some winners and other losers? Four key factors emerge:

● Management: "In such a diverse business as leisure, it is the quality of management we look to first," says Bruce Jones, a leisure analyst with stockbrokers Kitcat & Aitken.

Brian Wolfson, chairman of the Wembley Stadium complex, agrees: "There are still too many gifted amateurs around when we really need rather more full-time professionalism." He has been given the chance to practice what he preaches, having been made chairman of the leisure economic development committee, part of the National Economic Development Office. Its brief is to look at ways to develop leisure industries.

● Marketing: giving customers what they want is the essence of a successful leisure business, according to Michael Guthrie, chairman of Mecca Leisure, the bingo, holiday camps, night clubs and catering group. "It is increasingly clear that the leisure industry is marketing led and it is up to successful operators to identify consumer wants," he says. "But more companies need to carry out basic market research into customer attitudes if they are to do well."

● Trends: keeping track of changes in demand is equally important, argues James Naylor, joint managing director of First Leisure—its interests range from discos to West End theatres.

But he also believes that leisure companies should avoid being too craze-oriented: "We try not to be in markets which are fashionable and therefore fickle. It is hard to stay as "flavour of the month" for ever. Our approach is to appeal to a mass market which we know well and they know us."

However, the company has moved to cater for the resurgence of tenpin bowling—a sport it has long been involved in. "Having been in the doldrums for many years, tenpin bowling has become very popular and we are investing in new facilities to meet this trend," he says. The sport's revival appears to have been spearheaded by the baby bomers, who played the game as youngsters in the 1960s and are now returning to it—this time bringing their families.

● Flair: Robert Earl, the 35-year-old son of the 1950s crooner of the same name, last month became a multi-millionaire when he sold his Presidents Entertainment cafe and restaurant chains (such as Pasta Mania and Flanagans) to the Pleasurama hotels and casino group for £63m. His success was based on providing fast food in a more relaxed setting than the typical hamburger chain, appealing not only to young people financially deterred from using conventional restaurants but also to foreign tourists seeking value for money meals.

Another factor that has opened up the field to small operators has been the reluctance of the main traditional players—espcially those in the hotel industry—to expand in small markets. "Leisure is a highly fragmented business

Making money from leisure can be a fraught business, but many companies are lured by its sparkling growth opportunities

which provides plenty of opportunities for good small companies to carve out a niche for themselves," points out Julie Feayer, leisure industries analyst with stockbrokers Wood Mackenzie. "The established companies in the sector have appeared to see their future more in their core markets, rather than trying to develop relatively small leisure markets."

Angus Crichton-Miller, director of the Rank organisation's leisure division, which ranges from bingo clubs to Butlins holiday camps, agrees: "We like to be big in large leisure markets. This enables us to exploit the managerial skills we have in looking after large numbers of people at the same time."

Mecca Leisure is an example of the new generation of marketing-led operators who have moved in to exploit specialist leisure sectors. Mecca was the bingo, night clubs, holiday centres and up-market catering (Mansion House, etc) division of Grand Metropolitan, whose main activities are in hotels and brewing. In 1985, Grand Met decided to concentrate on its core activities, giving the Mecca management the chance to stage a buy-out followed by a successful stock market flotation last year.

Since then Mr Guthrie and his young management team have hardly looked back—doubling Mecca's pre-tax profits of £4.14m in the first half of its current year (to the end of March 1987) and unveiling plans to invest £25m over the next two years in launching two middle-market restaurant chains.

Eating out has been the cornerstone of the 1980s leisure boom. Britons' spending on this has almost doubled since 1981 —from £5.8bn to an estimated £10.3bn this year. When drinking is taken into account, spending rose from £14.7bn to £23.9bn.

Factors fuelling this trend include more working women (with more money and less time for home cooking) more flexible working patterns (creating extra free time) and greater mobility because of rising car ownership.

Mr Guthrie, also suggests another element: "Television programmes do not have the same hold over the nation as they did

According to him, the great untapped market in British catering is not the highly competitive fast food chains or up-market restaurants. It is the mid-priced restaurants which offer a pasta or bistro meal in smart surroundings at between £5 and £15 per head.

Pleasurama, which acquired President Entertainments last month, clearly sees scope in this field as part of its diversification away from dependence on the spin of the roulette wheel. Its profits from casinos were sharply down in the first half of its current financial year.

Others, however, see money in gambling. Ex-Pleasurama chief executive Mr George Martin and Mr Peter de Savary, the financier and yachtsman, last week bought Aspinall Holdings, the Mayfair casino operator, in a deal worth £90m.

Another rival is Kennedy Brookes which has developed by acquisition over several years into a major owner of restaurant chains, such as Wheeler's, Mario and Franco, and the Cafe des Amis.

But both Kennedy Brookes and Pleasurama have their sights set on another, more traditional leisure market: hotels. This sector has returned to favour after the traumas of the early 1980s, when a combination of economic recession and fewer foreign tourists left considerable overcapacity in the UK.

Now spin-offs of the economic recovery have included increased business travel and foreign tourism. In spite of last year's hiccup when fewer Americans came to Britain, foreign tourism is set for a record year. The number of overseas visitors to the UK was up by 16 per cent in the first half of this year, with almost a quarter more North Americans than in the first half of last year.

With a buoyant outlook for tourism, companies are scrambling for hotel chains. Ladbroke's acquisition of the 90 Hilton International hotels worldwide and the move by Bass indicates how great a significance UK companies attach to this sector.

Kennedy Brookes, which has bought more than a dozen UK hotels in the past 10 months, recently managed to acquire its first London hotel — paying £19.5m cash for the Onslow Court Hotel in Knightsbridge.

But the rising star of the hotel sector is the Queens Moat Houses chain, which has expanded rapidly in continental Europe as well as in the UK. "We are constantly on the lookout for good quality hotels which we know we can run profitably," says John Bairstow, chairman.

Hotels are one sector in which companies are usually able to find finance quite easily. But many other leisure projects find it more difficult to attract funds.

"Many leisure schemes never leave the drawing board," says Peter Gillett, a partner in leisure services with accountants Ernst & Whinney. "Their creators are so enthralled by their ideas, they believe they can attract finance almost by right."

George Walker, chairman of Brent Walker, is no stranger to the problems of financing leisure. In 1982 soaring interest rates and a falling share price prompted him to buy out the company and take it private. But plans for acquiring the Brighton marina forced him back to the stock market. His aggressive style (he was an ex-boxer) has won him many City admirers as he has moved further into the gambling world (with the acquisition of Lonrho's casinos) and films through buying Goldcrest (of Chariots of Fire fame).

Mr Walker believes that the leisure industries still have some way to go before attaining the same success as their counterparts in the US. "People are not used to paying for leisure in the UK. But as the country becomes wealthier, so the leisure sector will benefit," he says.

He also emphasises that the growth of leisure is not confined to domestic business. "The biggest growth area for UK leisure operators is northern France, where the price of land for development is so much cheaper than in the UK. Once the Channel Tunnel is open, then the opportunities in the 1990s will be almost limitless."

Man in the News

Seyed Ali Khamenei

A star in New York but waning in Tehran

By Andrew Gowers

ONE OF THE last things that delegates to the United Nations General Assembly normally expect to hear is a lecture on theology, history and their own morals. Yet that is precisely what they got this week from President Seyed Ali Khamenei of Iran.

The 48-year-old President was in New York to defend his country's continued prosecution of the war against Iraq against a near-unanimous barrage of criticism from the rest of the world. The subsequent headlines may have been dominated by his imprecations against the UN Security Council and his fulminations against the US, but with a faintly donnish, gently smiling manner belying the ferocity of his words, he also treated his audience to a lengthy sermon on the theory of Islam, the origins of Iran's religious revolution, the injustices committed against it over the last eight years, and the decadence of the West.

With the exception of the Western decadence, Mr Khamenei—the most senior Iranian figure to have visited the UN since his country's revolution in 1979, although not an overwhelmingly influential figure at home—is eminently qualified to speak about all these things. Born, according to his official c.v., into a family of religious scholars in the north-eastern Iranian business centre of Mashad, he was a student under Ayatollah Ruhollah Khomeini in the holy city of Qom in the early 1960s. He now bears the title of Hojatolislam —that is, a middle-ranking cleric below the level of an Ayatollah.

He can also be counted among the founder members of the Islamic revolution. He is said to have spent a total of three years in prison and a year in internal exile in the Shah's Iran of the 1960s and 1970s. After the toppling of Shah Reza Pahlavi and the Ayatollah's return to Iran, he was among the first members of Iran's Revolutionary Council. Before his election to the presidency in 1981, he occupied the influential post of Friday prayer leader in Tehran — which probably helps to account for his clear and confident speaking manner today.

And, as he did not fail to remind the UN General Assembly on Tuesday, he provides living evidence of the violent upheavals that have shaken the country and threatened its revolution throughout this decade. In June 1981, he was seriously injured when a bomb concealed in a tape recorder blew up on a lectern as he was giving a speech. He has never fully recovered, his right hand is incapacitated, and many observers say that he has lost much of his erstwhile vigour.

Mr Khamenei came to the UN essentially as a messenger rather than an initiator of policy. Although he is called president and he is also chairman of the Supreme Defence Council—the top decision-making body on the war with Iraq—he owed his presence on the green marble podium this week largely to international protocol.

For one of the peculiarities of the faction-ridden Islamic republic is that title and constitutional position do not necessarily count for a great deal. Ayatollah Khomeini, the country's spiritual and revolutionary leader and still the ultimate guiding force in all its affairs, is assigned no role in the constitution at all. Hojatolislam Hashemi Rafsanjani, the speaker of the Majlis or parliament and arch-rival of Mr Khamenei, exerts an influence far beyond that suggested by his nominal title, by virtue of being the Ayatollah's personal representative on the Defence Council.

What is more, there is evidence that Mr Khamenei's star has been on the wane for some time within the ever-shifting Iranian political firmament. In the early 1980s, he appeared to be trying to build a position for himself following the departure of President Abolhassan Bani-Sadr. He attempted to use the newly-founded Islamic Republican Party and the regular army as sources of support, took popular, radical positions on foreign policy and the war, but aligned himself with the more liberal bazaaris (merchants) on economic issues.

But since then he has been comprehensively outmanoeuvred. Mr Rafsanjani has a sounder and more fervent base of support in the Revolutionary Guards — the radical units set up alongside and often in competition with the regular army. These days he also has a stronger track record as a rabble rouser at Friday prayers than Mr Khamenei.

And earlier this year, in what might be seen as a coup de grace for any broader political ambitions the president may have harboured, the party which he had sought to use as a power base was simply abolished.

Mr Khamenei's second term of office expires in 1989, and he is not allowed under the constitution to stand again. It therefore seems unlikely in the extreme that he will emerge as a contender for any real power in Iran after the death of the ageing Ayatollah Khomeini.

Ayatollah Khomeini's designated successor is Ayatollah Montazeri, a conservative senior cleric, though many Iran watchers believe that the ever ambitious Mr Rafsanjani will continue to pull a lot of strings under him, and there may be an increasing role for Khomeini's son Ahmed.

Even if Mr Khomeini does fade away, though, he will be remembered as the man who sought to create some understanding of Iran's position in an uncomprehending world, however badly his harsh public words about the council being a "paper factory for issuing worthless and ineffective orders" may seem initially to have misfired.

Who knows, with the five permanent Security Council members perparing yesterday to give Iran just one more opportunity to accept a ceasefire following the Iranian president's private diplomacy in New York this week, he may ultimately become renowned for something even more important: keeping the diplomatic channels open long enough to give peace a chance.

Labour in Brighton

In search of policies to match the polish

By Peter Riddell

"WE MUST WIN the battle of ideas before we can win the battle of votes," says John Smith, Labour's Shadow Chancellor. "If you lose three times, you've got to look at the party's whole policy stance."

A fundamental reappraisal will be launched next week at the party's conference in Brighton, covering tax policy, public ownership and attitudes to shareholders. The review reflects an acknowledgment of the extent to which Thatcherism has changed the terms of the political debate since 1979, altering opinions and expectations.

Labour, like the Social Democrats and the Liberals earlier this month, is attempting to stake out new ground on a political landscape largely designed by Mrs Thatcher. Reflecting a theme of the conference season, Mr Smith says Labour has to plan for the post-Thatcher 1990s. At issue is the question of how far Labour should accept most of Thatcherism or seek to reverse it.

In a revealing speech earlier this week, Jack Straw, Labour's education spokesman, argued the party's challenge now was similar to that faced by the Conservatives after their defeat in the 1945 general election. They had had to adjust. He pointed out that people like R. A. Butler "saw that the Tories could only regain power if they took full account of the world and Britain—as they found it. They did. The Tories were in power from 1951-64."

This view is shared by most leading Labour figures, including a number previously considered to be on the left, such as Michael Meacher. It is reflected in the national executive's main policy statement to be debated on Monday. Its title, Moving Ahead, is an ironic echo of the Conservatives' pre-election slogans: "the next move forward" and "moving forward."

The starting point is the recognition of the extent of Labour's defeat in June, its second worst for more than 50 years. Despite gains in Scotland and Wales, Labour made little advance in England, even losing ground in London and the south-east. In many respects it was a worse outcome than in 1983. As Peter Shore, shadow Leader of the Commons, pointed out in the Guardian yesterday: "No scapegoats are available. No duffle-coated Michael Foot; no Walworth Road blunders and incompetence. And no Falklands factor to boost Tory support."

The national executive statement focuses on the social changes since 1979—the decline in manufacturing, the growth of part-time work, and increasing home and share ownership which have helped "to weaken Labour's traditional appeal to working-class voters." Consequently, Labour needs to "widen its appeal to embrace the new occupational groups in our society, both those in the newer industries and, more generally, those in white-collar and service work (especially women). Second, we must aim to reach out to both sections of the newly divided working class—to those who are dispossessed and to the relatively affluent."

To leaders like Bryan Gould, the trade and industry spokesman and fastest rising star of the past year, the terms of the debate need to be changed. Labour has to escape from the "Thatcher trap" of presenting voters with a choice between self-interest and social conscience. Instead, Labour needs to respond to the material aspirations of the relatively affluent and argue that a high standard of health and education provision is "part of the good things of life."

All this is as much a matter of image and stance as detail, yet it implies a change in policies. As the national executive statement notes euphemistically: "We did not succeed in convincing people that we could match the material benefits gained by some from the Tory policies on taxation and ownership." Mr Smith is planning an overhaul of the party's tax proposals, leading to a remodelling of the tax and benefits system. This, he reckons, is a two-year job, involving a new group of academics and advisers.

Similarly, Mr Gould plans a re-examination of the party's attitudes towards the public sector. The June manifesto proposals for bringing British Telecom and British Gas under "social" or indirect state ownership, by the issue of non-voting securities to existing shareholders, may be dropped. He concedes that this ran the risk of appearing a confiscatory policy (wrongly in his view) and of imposing a large financial burden.

He sees the question of the public/private sector divide as secondary to that of tougher regulation throughout industry, matching a shift of priorities towards consumers in, for example, education policy. He would like to see bodies based on Oftel and Ofgas dealing with private sector monopolies.

Mr Gould argues that the current approach to privatisation offers "little more than cut-price tickets in a lucky dip." Instead, he says, everyone should have the right to shares in the enterprise for which they work.

Some of these proposals are similar in detail, if not underlying philosophy, to those put forward by David Owen, the former SDP leader, and by David Steel, the Liberal leader, in a keynote address to the Liberal Assembly last week, which also emphasised consumerism and competition.

The approach is, however, deeply suspect to many on Labour's hard left who decry it as "designer socialism," interested in marketing rather than substance. They argue that it represents a watering-down of the party's commitments and that, in seeking to attract the affluent worker, the party risks ignoring the interests of the poor in the inner cities, notably women and black people. This hard-left group, associated with Tony Benn and Ken Livingstone, will later today challenge what they see as both "factual and political errors" in the leadership's analysis by producing their own strategy in a statement entitled Labour's Future.

The hard left also suspects that Labour's centre right (an elastic term including some on the Tribune left) wants to arrange an electoral pact with the Liberals to defeat the Tories. But such a deal has been firmly rejected by all the key Labour figures, as well as by Mr Steel.

The leadership's approach and the call for a consultative policy review are certain to be endorsed on Monday. The best test of the strength of the respective groups may lie in the voting for Labour's national executive, where Mr Gould and Mr Livingstone are both seeking places in the section elected solely by local constituency parties. The current odds are that Mr Gould will get on, while Mr Livingstone will suffer because of his identification with the more bizarre aspects of Labour politics in London.

Otherwise, the aim will be to avoid specific policy commitments for the time being. Attempts to move away from a non-nuclear approach to defence policy—for instance by requiring a referendum—are likely to be defeated, as they were at the TUC.

The leadership's hope is that, with the Liberals and SDP in disarray over their future, Labour will emerge from the week not only as clearly the main opposition party, but also as a potentially credible replacement for the present Government—as it has not been since 1979. But that will depend as much on the Tories losing their drive and the intellectual initiative as on what Labour does.

Richard Gourlay on Mrs Aquino's attempt to secure political stability

New team, old problem

"GHOSTS HAUNT the Regent Hotel," says the Manila tabloid headline. Either everything is back to normal in the Philippines or people are just weary.

It has been a turbulent month—a new cabinet, more political killings, a rise in Communist insurgent successes, increasing labour union militancy, the continuing aftermath of the August coup attempt and very little to suggest that President Corazon Aquino knows exactly where she is going.

Prophets of doom say she and the political centre are fast becoming a sideshow in an increasingly bloody conflict between extremists of the left and right. Optimists, including some recent visitors, are struck by Mrs Aquino's personal charm and resilience and say that there is no power vacuum or crisis of leadership. They suggest the problem is more the chronic failure to communicate to Filipinos and foreigners that the government is in control.

It is clear that the coup attempt by about 1,600 ranking officers led by the eloquent and deceptively charming Colonel Gregorio "Gringo" Honasan nearly succeeded. After first appearing to hesitate, Mrs Aquino responded by sweeping out of her cabinet Jaime Ongpin, the Finance Secretary, Salvador Laurel, her Vice President, and Joker Arroyo, the executive secretary, her close personal friend and aide.

Mr Arroyo was deeply loyal to Mrs Aquino, but appeared to have become a paper-gathering bottleneck that prevented anything reaching Mrs Aquino's attention if it did not fit his own view of the world. To the military, who suspected, on little evidence, that Mr Arroyo harboured communist sympathies, the secretary acted as a lightning rod for discontent in the armed forces—because he was so close to the President, this military anger was bound to scorch Mrs Aquino as well.

It is too early to tell how well Mrs Aquino will be served by her new advisers. On the surface, the Cabinet lacks lustre, being long on administrators and technocrats. Mr Arroyo's replacement, Catalino Macara, is 69 years old, a deputy justice minister under former President Marcos and former senior vice-president of a large mining company. Since he has also served as Mr Arroyo's deputy for nine months, he may have Mr Arroyo's stamp without his strengths. The President, says one observer, has made herself look stronger by making the Cabinet weaker.

Mr Arroyo's departure, however, could ease the president's difficulties with the military. Many officers thought with justification that his animosity towards them wrecked any chances of civilian-military co-operation. Mrs Aquino's plan to visit military camps and her decision last week to send a battalion of crack troops to Bicol, where the New People's Army guerrillas are making a show of strength, should also help show that she is committed to a tough stand against the communists.

But the rumblings inside the military have not gone away. Rather they are directed at the armed forces Chief of Staff, General Fidel Ramos, who is widely seen as indecisive and too interested in a possible future political career. Although he has protected Mrs Aquino in at least three attempted coups, he could well be retired to make way for a more forceful supporter of legitimate military interests

His latest action to anger officers in the Philippines Army was the appointment as Deputy Chief of Staff (Operations) of General Orlando Antonio, who is both from the "wrong" service—Ramos's, which is the Constabulary—and considered to have very little field experience.

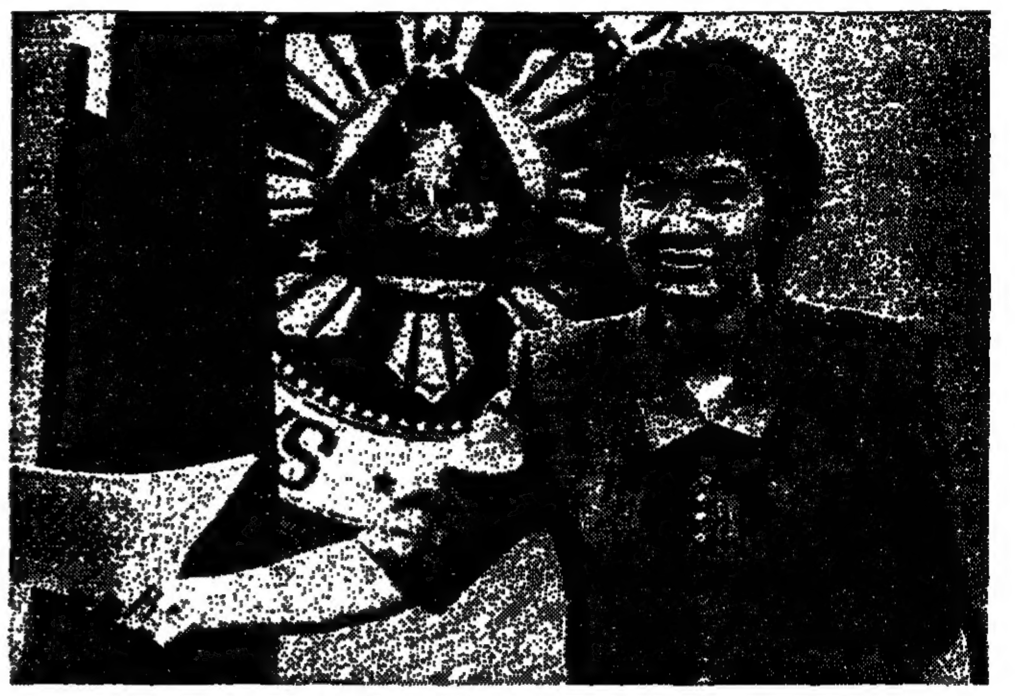
Genuine grounds for complaint also still exist because the civilian arm of government has failed to implement its side of the co-ordinated anti-insurgency campaign against the New People's Army. The strategy — to encourage economic growth in areas where the NPA has been flushed out, by providing agricultural credit, irrigation projects and, perhaps, land reform — has simply not been carried through. It is difficult to motivate military men to fight guerillas when they know that the local people will have no reason to prevent the rebels from returning as soon as the soldiers leave.

In all these difficulties, however, Mrs Aquino has one great asset. She has shown—as she did after a similar though less serious coup in January—that she is no soft touch. Recent visitors say that she has bounced back with the kind of dignity and spirit that she displayed soon after her husband, Benigno Aquino, was assassinated in 1983.

Her greatest weakness is the sense of drift she allows to settle on her administration. Nowhere is this more true than in the conduct of the economy, where she is given to vague statements in favour of business and investment.

The administration's three most recent statements on the economy and the country's \$28.3bn (£17.3bn) debt have been characteristically difficult to interpret. First, Mrs Aquino's state of the nation address in July attacked the country's creditor banks for effectively blackmailing the country into signing a debt deal; then Mr Arroyo accused three leading businessmen, including the president of Pilippinas Shell of economic "treason"—charges he has yet to substantiate but from which the President has not distanced herself; then Mr Aquino pointedly accepted the financially orthodox Mr Ongpin's resignation with "regrets," while eulogising at length over the departing Mr Arroyo and saying she would not sacrifice his ideals "for the sake of (political) expediency."

Mr Ongpin's successor, Vicente Jayme, a former president of the Philippine National Bank, is likely to prefer the Ongpin line on honouring the country's debt, in spite of pressure from Congress for interest relief. But not for the first time, the world is left wondering where Mrs Aquino really stands.



President Corazon Aquino: she has shown that she is no soft touch.

Letters to the Editor

Small Bang needed

From Mr W. Wallace.

Sir,—The backfire of Big Bang, causing quite unacceptable delays in the distribution of share certificates etc could, with a degree of common sense, be solved with a Small Bang.

Some years ago, all the major banks changed their previous practice by insisting that all cheques be the same size, to facilitate electronic sorting. There were complaints, but these were overcome without too much difficulty.

It seems to me that all contract notes, share certificates and so on, could be made to a standard size, although I have no doubt that it would require legislation to force the change. So what?

Standard forms could be printed, using different coloured printing for the different purposes (red where the recipient is being asked to pay, perhaps) but all of the same size. Magnetic ink characters would be used, and, as a result, millions of pieces of paper could be produced, sorted, and despatched each day.

The banks do it in their clearing departments, and the Stock Exchange could set up a similar operation.

Yes, it would be expensive to get it going, but the expense would be far outweighed by the benefits, to all parties.

W. A. Wallace,
5 Old Court Drive,
Tibberton, Glos.

Dissatisfied investor

From Mr C. Henaway.

Sir, — On September 23 you published a letter on the trials of "A first time investor" from Mr A. Gumbrecht. This gentleman has my sympathy. My experience is precisely the same after some 20 years as a small investor. We will always pay a premium, selling or buying. I believe the term in the market is "turning a trick," whereby anything from £50-£100 minimum per deal is charged to the small investor.

I have been trying the traded option market this year and I am not impressed. On 20 deals my expenses, excluding VAT per deal, ranged from .06 per cent to a high of 15.2 per cent on the proceeds of the transactions.

Since Big Bang it appears to me that the Stock Market is a game for the big boys. The pensions funds etc are now dealing at net costs. In consequence the small investor is subsidising the big time operator.

Today I received a contract note from my broker with a new charge of £18.50 — he informs me this is for computer clearance of my transaction. I sold shares for £850 net.

I am not a naive investor. One thing I do know is that if the Stock Exchange does not give the small investor a break it will eventually kill the golden goose.

Incidentally this new charge of £18.50 termed "OP Clear Charges (N)" is not subject to VAT. Why?

C. J. Henaway,
73 Wilson Avenue,
Brighton, Sussex.

Tidal power project

From Mr R. Clare

Sir,—I was concerned on reading Mr Fishlock's article on the proposed Severn barrage (September 22) for I believe it paints a rather pessimistic picture regarding its possibilities, particularly in view of the information already in the public domain.

The current proposal includes the installation of 7200 MW of power generating plant which will yield an annual output of 14.4 terawatt hours — equivalent to 5 per cent of the current electrical demand in England and Wales.

The electrical output is not continuous, but the principal direct benefit of the project is the saving of irreplaceable fossil fuel with renewable energy from the tides.

The "firm power" aspect of the scheme represents the amount of new thermal power station construction which would not be required if the barrage were constructed. This represents an additional benefit over and above the fuel saving aspect.

The difficulties of financing the project wholly within the private sector, when the revenues would come only from the sale of electricity to the public sector, have been recorded. This arises from the need in the private sector to secure a rate of return greater than the 5 per cent yardstick that applies to the public sector. This would apply equally to the financing of a thermal power station under similar conditions. Against this background the non-energy benefits of the barrage do become important and if some of these benefits could be channelled to investors in the scheme, the possibility of private sector financing of the project would be enhanced.

The STPG fully recognises the importance of environmental issues and towards this end a thorough dialogue is maintained with environmentalists and essential data is being assembled on which the environmental impact can be assessed.

On the question of the involvement of non-UK contractors. British industry, civil, mechanical and electrical engineering is fully capable of building the Severn barrage project well and economically. The whole project development is soundly based on proven technology and the only part of the technology that will come from abroad is concerned with the design of the turbine generator plant, the basis of which will be acquired from the licensors of British companies, thus enabling manufacture to be undertaken by British industry in the UK. As for the civil engineering work the British construction industry has a record of achievement second to none.

R. Clare.
(Chairman, Severn Tidal Power Group Management Board),
40 Bernard Street, WC1

Dickensian attitude

From Mr B Oppenheim.

Sir,—Your cartoonist (September 22) neatly summed up Mr Hempton's Dickensian attitude.

May we assume he will be the first to offer him services as "cheap efficient labour" or is he perhaps one of the £100,000 pa "front room boys" trying to bolster his meagre salary.

Bernard H. Oppenheim,
89 Tufnell Park Road N7.

The boys in the back room

From Hazel Smyth.

Sir,—Why are banks and brokers still so shortsighted in attempting to fill the numerous vacancies in the back room offices? (see "The boys in the back room" letter from Mr E. Hempton, September 22).

I am at a complete loss to understand why City based banks and brokers refuse to interview anyone unless they have had previous experience in the same business. This very often means that a competent 40-year-old administration manager (who may have been made redundant) is passed over for an 18-year-old who has worked as a settlements clerk for six months.

A bright 40-year-old would be more than capable of quickly learning back office procedures and far more likely to be looking for security in a job. This would offer the employer the possibility of 20 years loyal service, compared with 6/12 months from the 18-year-old, who will be on the move again as soon as someone offers another thousand pounds on their salary.

We are breeding a nation of job hoppers. It is not good for the City, it is not good for the country and most of all, it is not good for 18 years olds.

Hazel Smyth,
City Recruitment Consultants,
58 Houndsditch EC3.

Good old measures

From Mr W. Summers

Sir,—Mr Woolfe's letter (September 17) on Imperial measures in Belgium prompts me to report that Imperial is alive and well in Switzerland. Shortly after I arrived here, and being completely unmetricated, I was curious as to why the beer bottles were 29cl and 58cl, the answer is that they are an Imperil half and pint respectively.

When I was purchasing some curtain material, manufactured in Switzerland, I thought it was odd that the width was 138 cm, but that is 54 inches, or a yard and a half, presumably a regular loom width.

In my view decimalisation is very detrimental to mental arithmetic, because people are only used to dividing and multipying by 10s, 100s etc, but of course if as a schoolchild you had had to master the Imperial system plus £ s d you are numerately agile for life!

For me the quicker Napoleon's wretched system is banished the better.

William Summers,
Wassbergstrasse 16,
8127 Forch, Switzerland.

Perfectly clear

From Mr M. Swift.

Sir,—I have read with interest the recent correspondence concerning Imperial and metric measurements. A couple of weeks ago however, I saw, attached to a traffic-light post in Nottingham, a sign which has convinced me finally and irrevocably that there is no future for metrication in this country; it will never be accepted. The sign read: "Ten kilometre walk (three-mile point)."

I rest my case . . . . !

M. J. Swift,
25 Brownlow Drive,
Rise Park, Nottingham.

Not quite perfect

From Mr C. Benson

Sir, — The FT may not be perfect, but it will not be made any better by any sports news. If Mr Burridge (September 12) wants sports, let him buy a sporting paper. To me one of the most endearing features of your paper is the absence of sports news.

C. E. H. Benson,
85, Runcorn Rd, Moore,
via Warrington, Cheshire.

UK COMPANY NEWS

Norwegians bid £136m for TR Natural Resources

BY NIKKI TAIT

Touche Remnant - Britain's largest investment trust management group which last week rebuffed a predator for its £240m Pacific Basin Fund - yesterday saw another bid arrive, this time for its £136m Natural Resources Investment Trust.

The offer comes from Platou Investment, an unlisted Norwegian investment company which has held a 28.8 per cent in TRNR since November. Under the terms of the offer, the Norwegian company is offering shareholders either non-voting Platou shares equivalent to 95 per cent of net asset of each TRNR share, or cash equivalent to 90 per cent of net asset value.

Yesterday Platou's vice-president, Mr Truls Persen, who joined the trust's board following acquisition of the stake, said that the company was pleased with its investment and wished to increase its exposure. However, the Norwegians do not intend to take their stake beyond 50-54 per cent of TRNR, and acceptances over that level would be placed out and the listing retained. Management would remain with TR.

Touche Remnant greeted the news - presented at a board meeting on Thursday - with a holding statement, saying that they were discussing certain aspects of the offer with Platou. In particular, managers said they wished to clarify the valuation of the Norwegian company's shares, the acceptability of the cash alternative - rather lower than many recent take-out levels - and the planned board structure.

Platou denies that the decision is a consequence of the TR Pacific Basin outcome, where TR itself produced a scheme allowing shareholders to value/cash in holdings at 99 per cent of net asset value, or remain with a new investment. However, suggestions that similar schemes might be implemented by other TR funds, if the boards so wished, have been mooted in the press and yesterday Platou said that it would use its holding to block any alternative proposals involving liquidation, reconstruction or corporate restructuring of TRNR.

Platou was established in 1980 to take on the investment activities of a Norwegian shipbroker. Today, it has assets of about £173.5m - including stakes in Christiania Bank, investment company, Investa, and insurance group, Storebrand. If the offer is successful, County NatWest will run a matched bargain market in Platou's shares.

TR Natural Resources is part of an 11-strong stable of trusts, and its largest holdings include the likes of BP, Kidston, and Placer Development. According to Wood Mackenzie, net assets are currently around 112p a share. Yesterday, the shares gained 2p to 102p.

Maxwell pulls out of battle for GPG

By David Lascelles, Banking Editor

Mr Robert Maxwell, the publisher, last night pulled out of the battle for control of Guinness Peat, the financial services group.

In an unusually detailed statement, he blamed the complexities of the new Banking Act which comes into force next week. The Act will oblige anyone acquiring more than 15 per cent of a bank to pass a "fit and proper" test. Guinness Peat owns Guinness Mahon, a small accepting house.

Mr Maxwell believed "it would be wrong" for him to acquire a major stake before the new Act comes into force. And "even later such an acquisition could cause confusion during the course of a bid which could harm Guinness Peat's shareholders, employees, customers and depositors, he said.

There was some speculation in the City last night that the Bank had indicated to Mr Maxwell that he would not be viewed as a suitable bank owner. However the Bank, which has said that it prefers banks to be owned by other banks, declined any comment.

Mr Maxwell's retreat was welcomed by Equiticorp, the New Zealand financial services company which has mounted a £355m bid for Guinness Peat at 115p per share. Equiticorp holds 43.25 per cent of the shares, and it now intends to complete its offer, which closes on October 5.

Earlier this week, Mr Maxwell said he intended to buy Guinness Peat Neck, stock and barrel. He had amassed 11.5 per cent of the shares at an estimated average price of 119p, bringing his total outlay to some £43m. Last night the shares closed at 118p.

It was thought unlikely last night that Mr Maxwell would now tender his shares to Equiticorp because that would force him to take a loss. Equiticorp has said that it would welcome Mr Maxwell as a minority shareholder in Guinness Peat.

BPCC plans to lift Pearson stake

BY RAYMOND SNODDY

Mr Robert Maxwell, publisher of Mirror Group Newspapers, is believed to be planning to buy shares in Pearson, the information, banking and china group, which will take his stake beyond 5 per cent - the level where public disclosure is required.

This follows the build up this week of a near 15 per cent stake in Pearson by his great rival, Mr Rupert Murdoch.

Mr Maxwell, through his quoted company the British Printing and Communications Corporation, intends to continue buying into a company he is interested in and wants to remain British.

It emerged yesterday that Lord Blakenham, chairman of Pearson is to meet Mr Rupert Murdoch owner of five British national newspapers for talks in London next week week.

Mr Murdoch is due to arrive in the UK on Sunday night.

The chief executive of News Corporation is expected to explain his motives in accumulating the stake and discuss possible joint ventures.

On Tuesday News Corporation said it was not planning a full takeover bid and would not contemplate doing so over the next 12 months unless there was a change in the company's circumstances.

There is speculation that one area News Corporation sees as providing possible co-operation might be the provision of access by Mr Murdoch's newspapers to FT news and statistics in return for printing the FT in the Far East.

The suspicion remains however that Mr Murdoch may be more interested in using his stake to exert leverage in case the company is ever taken over and broken up by a third party.

Yesterday Mr Frank Barlow chief executive of the Financial Times attacked a suggestion, reported in The Guardian, that some FT journalists might be considering making their own approach to merchant banks about a possible buyout of the paper.

"Takeover artists would like nothing better than to see sections of our staff haring off in different directions," Mr Barlow said in an internal staff memorandum.

Mr Alan Pike, father (chairman) of the National Union of Journalists chapel at the FT, said yesterday he planned to launch a campaign to ensure that if the ownership of the FT were to change it should not go to one individual with a potential for interference.

"The right solution is that the FT should be owned by a wide range of interests if Pearson were taken over," Mr Pike said.

Mr Pike said he believed both the commercial value of the FT and its value to readers depended on its reputation for independence and freedom from interference.

Martin Dickson profiles Lord Blakenham

Custodian of the Pearson empire

THERE IS a touch of irony this week in the fact that Lord Blakenham, who heads Pearson, the publishing, banking and industrial conglomerate, also happens to be chairman of the grandly named UK Anti-Piracy Group.

This organisation is concerned with theft of copyright, but a piratical threat of a rather different - and potentially more deadly - sort has been the preoccupation of Lord Blakenham over the past few days: Mr Rupert Murdoch, the buccaneering Australian-American media baron, has built up a near 15 per cent stake in Pearson through his News Corporation group.

Mr Murdoch has come out of the blue flying a flag of friendship - he is talking about possible co-operation with Pearson in publishing - but there is widespread speculation that his ultimate goal may be a bid for the group, possibly in conjunction with other parties prepared to break up this most diversified of conglomerates. Certainly there would be no shortage of potential buyers for the bits. The Pearson treasure chest contains some of Britain's most exclusive brand names.

The assets include the Financial Times; book publishers Penguin and Longman; half of Lazard Brothers, the merchant bank, and a share of the profits of Lazard Freres, the New York and Paris investment banks; Royal Doulton, the world's biggest manufacturer of fine china; Madame Tussaud's, London's top tourist attraction; and Warwick Castle, England's most popular stately home.

Even if it does not come to a bid, the manoeuvring which will now take place between the two men over the future of Pearson will present a fascinating clash of characters.

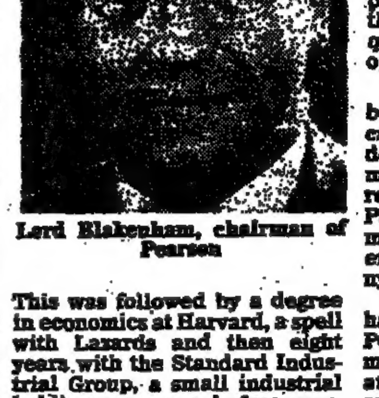
Mr Murdoch is one of the world's most visible tycoons, a man who single-handedly has built up his father's one-paper Australian legacy into one of the world's greatest media empires. By turns laconic, charming and ruthlessly tough, he evokes strong reactions from people - be they of admiration or loathing.

Lord Blakenham, a quietly spoken man with a rather self-effacing manner, lacks this high public profile. And as a member of the Cowdray family, which founded the Pearson empire in the 19th century and still owns 20 per cent of the group, his presence at the head of the company might be regarded as compounding its traditional rather gentlemanly image.

But despite his background, Lord Blakenham has gained respect in the City for the reforms he has pushed through at Pearson since becoming chief executive in 1978, which analysts say have much improved the shape and performance of the business. And he showed a determination not to be bullied earlier this year when he refused to submit to strong Government pressure not to publish the controversial book, Spycatcher, in the US.

Aged 49, but looking a lot younger, he is a very unstuffy, approachable man with a reputation for hard work.

His mother was a daughter of the second Lord Cowdray and his father was John Hare, a former Tory minister. After Eton and national service in the army, he served as an apprentice engineer with English Electric to gain experience of industry.



Lord Blakenham, chairman of Pearson

This was followed by a degree in economics at Harvard, a spell with Lazards and then eight years with the Standard Industrial Group, a small industrial holding company, before moving on to a succession of posts in Pearson companies.

When he became chief executive of Pearson in 1978 (the chairmanship followed in 1983), the group was clearly in need of an overhaul. Lord Blakenham embarked on a three-pronged attack. First, he strengthened the centre by simplifying the group structure, buying out minority interests and changing the composition of the board.

Second, he injected fresh management blood into operations which had grown rather complacent. Third, he sold off peripheral businesses to concentrate on four key areas - publishing and entertainment, banking, oil, and fine china - and he has built up those businesses, partly through acquisitions from substantial international forces.

"In the mid-1970s," he points out, "we were still very much a British company. Now all our businesses are capable of taking on the world."

But while stressing that Pearson is a "builder of businesses" which is quite happy making large acquisitions in its areas of expertise, he differentiates it from conglomerates which are acquisition-led and which, he argues, are inherently unstable over the long term. He also maintains that Pearson has managed to create a distinctive business culture - one which enables it to hire and keep entrepreneurial executives and at the same time emphasises both quality and integrity in its operations.

Doubtless, a lot more would be made of this argument if it came to a fight with Mr Murdoch, whose products have a mixed reputation for quality. In reply, however, City critics of Pearson would argue that its management is still not ruthless enough at sweating the company's assets.

Lord Blakenham seems to have little time for life outside Pearson. He lives in Chelsea, is married with three children, and is a member of the science and technology select committee in the Lords, where he sits on the Tory benches (though the company has made political contributions to the Alliance as well as the Conservatives). He likes art and is also a keen ornithologist: books, paintings and ceramic models of birds are much in evidence in his office at Pearson's headquarters in London's Millbank Tower.

Whatever Mr Murdoch's ultimate intentions, his stake build-up has inevitably put Pearson "into play" - the arbitrageur's phrase for a company which has been placed under threat of a bid. And in an age where conglomerates are distinctly unfashionable, why should Pearson not be broken up?

Lord Blakenham's answer is quick, crisp and accompanied by a rare hint of irritation: "Because we can run it better than anyone else. We know and understand the fields in which we operate." He stops, stares you out, and adds tartly: "It's as simple as that." But will Mr Murdoch agree?

Carlton buying Zenith for £6m

BY RAYMOND SNODDY

Central Independent Television yesterday agreed to sell Zenith, its film and television production company, to Carlton Communications, the television services company for £6.3m.

Mr Leslie Hill, managing director of Central, the second largest ITV company, made it clear yesterday his reluctance to sell. The decision was taken because of the Government's determination to give independent producers access to 25 per cent of Britain's four national television channels.

Zenith, whose films include Wish You Were Here, Personal Services and Dead, the late John Huston's last film, will not in future qualify for the independent's "quota" because it was a wholly owned subsidiary of an ITV company.

"Obviously we will continue to want to commission programmes from Zenith," said Mr Hill.

In addition to the £6.3m purchase price Carlton will be taking on another £5m in future Zenith production commitments.

Carlton already has a 20 per cent stake in Central and Mr Bob Phillis, the Carlton chief executive, is a former managing director of Central and chairman of Zenith.

Mr Phillis said yesterday he would have preferred Central to have kept a minority stake in the film company but that became impossible because it would have disqualified Zenith as an independent.

Zenith made a pre-tax profit of £2m in 1986, a figure expected to fall to £650,000 this year. It will be the main Carlton vehicle for a push into international film and television production.

Carlton already makes some documentaries and feature films through its Moving Picture Company.

As part of the deal Mr Charles Denton, the Zenith chief executive, and Miss Margaret Matheson, director of productions, will stay with the company.

As an independent production company Zenith hopes to be able to make programmes for both the ITV network and the BBC.

Mr Hill said yesterday the decision to negotiate with Carlton rather than have an auction was taken because of the difficulty of valuing a company that has been set up as a completely integrated part of Central.

Representatives of S.G. Warburg, the merchant bank were called in to ensure the selling price was fair.

The agreement is conditional on shareholders' approval at an extraordinary meeting on October 12.

Central TV advances to £7m

BY FIONA THOMPSON

Central Independent Television's pre-tax profits increased by a third to £7.1m in the six months to June 30, 1987, compared with £5.32m last year.

Mr David Justham, chairman, paid tribute to Central's international sales drive. The company's programmes are now seen in 70 countries worldwide and Central was the only ITV company this year to receive the Queen's Award for Export Achievement.

Turnover was 23 per cent higher at £105.27m against £85.78m in the same period last year, and Central increased its market share of advertising revenue from 13.7 per cent to 14.3 per cent. Net advertising revenue for the six months was £86.2m, a 18.4 per cent rise on last year's £72.8m.

"Advertising revenue is continuing at a high level and results for the year should be satisfactory," said Mr Justham.

The board has declared an interim dividend of 5p, a 25 per cent rise on last year's 4p interim. The tax charge was £2.68m, compared with £2.04m last time. Earnings per share rose from 13p to 17.2p.

Central was the first ITV company to offer seven-day late-night service. Mr Leslie Hill, managing director, said it had been a success, capturing a strong viewer audience in the 15 to 34 age groups. Advertisers were very pleased with performance.

● **comment**

Central's figures were pretty much in line with expectations. Advertisement revenue made quite a significant recovery, in the context of the marketplace, due perhaps to the company having taken a hard line on discounts the previous year, temporarily losing advertisers but then winning them back. The indications are that Central will hold its 14.3 per cent market share. Second half net advertisement revenue looks set for £105m, an 18 per cent rise on last year, and August figures gave the company a 46.7 per cent share of total viewing audience. Costs were up 22 per cent - including greater spending on programming, the £1.5m for the Korda library and major investments in the Super Channel satellite service. However, overseas sales are growing rapidly and the Zenith proceeds will improve the cash position. The shares closed 5p up yesterday at 684p. Assuming pre-tax profits for the full year of £20m, that puts them on a prospective p/e of about 14, fair value.

Bennett & Fountain acquisitions

Bennett & Fountain, fast-growing wholesale and retail electrical goods distributor, is to buy two electrical retailers, Central Equipment and Baskills, for £3.04m and £2.12m respectively, with a mixture of cash and shares.

Central Equipment is involved principally in the rental and sale of televisions, video recorders and associated equipment through a national chain of 32 stores. Its acquisition will add approximately 40,000 current rental contracts to B & F's existing rental base.

Legal & General

Legal & General, the life assurance group, became the latest British company to announce that it is ending its involvement in South Africa yesterday when it said that it was selling its 45 per cent stake in Aegis Insurance for £2.75m in cash.

According to L&G's 1986 annual report, Aegis is its only subsidiary or associate company in South Africa.

SECOND Market Investment: Net asset value per share as at June 30 was 211.1p (157.4p) and diluted 215.5p. Profit for the half year £30,781 (£11,749) and earnings 0.135p (0.09p).

New stake emerges in Buckley's

BY NIKKI TAIT

With the £29.2m offer from Mr Peter Clowes and Mr Guy Cramer for Buckley's Brewery due to close next week, a new shareholder - EKM Nominees - appears to have built up a 1.75 per cent stake in the company.

The stake has come from a series of small purchases over the past 10 days. The bidders, however, say the stake is a mystery to them and concede that, with Buckley's shares resolutely above the 192p offer price - 206p yesterday - they are having difficulty rounding up acceptances for the now-recommended offer.

Meanwhile, the largest institutional shareholder - Britannic Assurance - appears to have chosen the higher market price as an exit route: yesterday, it notified the sale of 500,000 shares reducing its interest from 7.1 per cent to 3.91 per cent. Whitbread, which holds 21.7 per cent, says it is "still considering its position".

Control Securities in £60m deal

BY CLAY HARRIS

Control Securities, the fast-growing property investment and dealing group headed by Mr Nazmu Virani, has concluded its biggest deal yet, agreeing to pay more than £60m in shares for 10 commercial and office properties owned by London & Edinburgh Trust.

The deal adds LET to a list of investors which includes Heron Corporation and Mountleigh, both of which accepted Control shares in partial payment for properties bought earlier this year. It increases the size of Control by more than 50 per cent.

In London, the LET properties sold to Control include the former Conservative Club in St James's Street, an adjacent building in Little St James's Street, and one of the Bechtel blocks at Hammersmith roundabout.

LET will keep 13.6m Control shares to give it a 5.85 per cent stake in the enlarged group. The remaining 54.8m shares were placed yesterday at 88p with clients of the stockbroker Fiske and Co. to raise about £48m for LET. There is no clawback for existing Control shareholders.

Explaura offer result and allotments

By Philip Coggan

The offer-for-sale of 18m shares in Explaura Holdings, start-up mining company, was 10.9 times oversubscribed.

Preferential applications for 2.5m reserved shares will be allotted in full. Those preferential applicants who applied for less than 1,000 excess shares will also receive their full allocations.

Other excess applications by preferential shareholders and all other applicants will be allocated as follows: between 1,000 and 10,000 shares - 1,000 shares, on a weighted ballot; between 11,000 and 50,000 shares - 10 per cent of their application; 60,000 and 500,000 shares - around 8 per cent of their applications, with a minimum of 5,000 shares; over 500,000 shares - 6 per cent of their applications, with a minimum of 40,000 shares.

F & C PACIFIC Investment Trust: Net asset value was 189.0p at July 31 1987 compared with 136.7p (adjusted) a year earlier. The interim dividend is unchanged at 0.3p. Total revenue was £1.97m (£1.96m) and net revenue £751,000 (£806,000) after tax of £291,000 (£259,000) for earnings per share of 0.73p (0.57p).

Kalamazoo in £0.8m profit for full year

A substantial profit increase to £1.46m in the second half enabled the Kalamazoo business systems and services group to finish the year ended July 31 1987 with a pre-tax surplus of £832,000.

This was before £349,000 for the EWS bonus. In 1985-86 the group incurred a loss of £276,000 to which was added £209,000 bonus. This year the dividend is raised to 1.5p (1p).

Mr Tom Garnier, chairman, said the improved result was the product of reorganisation. The process was continuing as the group moved progressively towards a new and more aggressive market position.

The current year, he said, had started to plan. Losses were recorded in the autumn periods of 1986 and 1987, but we are planning to do better in the first six months of this year and to continue the improvement achieved last spring."

RENWICK Group: Devon-based boat builder and coal trader, reported pre-tax profit for first six months of 1987 of £2.47m (£2.14m). Turnover improved from £14.6m to £19.67m and after tax of £712,000 (£520,000) earnings per share came out at 15.8p (14.6p).

US insurer bids for full control of St Katherine

BY NICK BUNKER

MINNESOTA-based St Paul Group, one of the top 20 US property/casualty insurers, is seeking to take full control of London-based St Katherine Insurance, which is best-known as a small motor insurer.

St Paul already has a 25 per cent stake in St Katherine, which in 1985 had net premium income of £28.2m. Another 24.7 per cent is owned by Minet Holdings, the quoted British insurance broker, which in turn is itself 25.7 per cent-owned by St Paul.

Two subsidiaries of Minet - Prescot Underwriting Selsdon Insurance Management - provide St. Katherine with underwriting management services.

Minet said yesterday afternoon that it had received an approach from St Paul about the purchase of the whole of St Katherine. Minet said it was "agreeable in principle" to selling Prescot and Selsdon to the American Group provided an acceptable offer was made to St Katherine's shareholders.

The news late yesterday afternoon helped lift Minet's shares 10p to close at 405p, apparently because the announcement was taken as a reinforcement of recent speculation that St Paul might bid for the whole of Minet.

Mr Philip Olsen, insurance analyst with Kitcat and Aitken, stockbroker, said the stock market's reaction was "perverse", given that St Katherine was only an associate company of Minet and a minor contributor to its earnings.

Rothmans buying Lane from Dunhill for £21m

BY PHILIP COGGAN

Rothmans International is paying $35m (£21.3m) in cash to purchase Lane from its 50.1 per cent owned subsidiary, Dunhill Holdings.

The sale marks the first major act of Mr Sior Pendle, Dunhill's new group managing director, who took over earlier this month from Mr Anthony Greener, now managing director at United Distillers.

Lane manufactures aromatic pipe tobacco for sale in the US and also distributes cigars, pipes and smokers' accessories.

Mr Pendle said yesterday that Dunhill's future growth lay in brand development rather than in manufacturing. "We acquired Lane when the profile of the company was quite different", he said.

Lane contributed £1.5m to Dunhill's consolidated after-tax profit in the year to March 31. With the proceeds of the sale Dunhill expects to have around £70m in cash by the end of this financial year which will be used for investment and to fund acquisitions.

Henderson stake

Henderson Group, maker of garage doors and security equipment, said that Carousel Investments and three associate companies had increased their total holding to 17.38 per cent.

The Carousel group represents Saudi investors and is advised by Mr Ahmed Abdullah, brother of Mr Raschid Abdullah and Mr Osman Abdullah, chairman and chief executive respectively of Everod Holdings.

Coates profit surges past £10m at halfway

THE PREDICTED upsurge at Coates Brothers, manufacturer of printing inks and supplies for the printing industry, materialised with a 54 per cent rise in taxable profits in the first half of 1987. Turnover moved up by slightly more than 4 per cent.

At May's annual meeting Mr John Youngman, chairman, had forecast "substantially increased profits" and the six months produced £10.44m compared with £6.77m last time. Turnover rose from £96.67m to £100.86m.

After tax of £3.95m (£2.85m), earnings per 25p share jumped from 9.33p to 15.49p. The declared interim goes up from 1.7p to 2.2p.

Mr Youngman said that the improvement in operating profits had been most marked in the UK and continental Europe but there had also been a welcome uplift in Australasia and Asia.

Liquidity remained in a healthy condition in spite of anticipated increased group borrowings since the end of 1986, because of higher capital expenditure and working capital in line with additional turnover.

Trading in the second half was so far satisfactory although Mr Youngman warned that it "would be unrealistic to assume that profits for the second half will show a comparable rate of increase".

● Markheath Securities, the property group which serves as the UK vehicle for Australian-based Adelaide Steamship, has raised its stake in Coates to 20.24 per cent.

Mr John Spalvins, Markheath chairman, told the company's annual meeting yesterday that the stake represented "a good investment for Markheath with a current market value well in excess of our cost."

Markheath had spent £20m since May in buying properties, including income-producing investments and development land, Mr Spalvins said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Baldwin ...fin	1.25	-	nil	1.25	nil
Boddington ...int	1.47	Oct 28	1.47	-	3.7
Caird (A.) ...fin	0.5	Nov 2	0.5	0.5	0.5
Central TV ...int	5	Nov 6	4	-	17
Coates Bros ...int	2.2	Dec 31	1.7	-	5.7
Courtney Pope ...fin	3.75	-	3.25	6	5
F & C Pacific ...int	0.3	-	0.3*	-	1*
Kalamazoo ...fin	1.5	Dec 10	1	1.5	1
Liberty ...int	2.6	Nov 16	1.8	-	9
Marler Estates ...fin	4	-	4	4	4
TSI‡ ...int	nil	-	1.2	-	1.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ØThird market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§110	F.P.	18/9	121	98	Adscene	108	−2	L2.5	1.9	3.2	22.8
221	F.P.	—	260	221	Alexander (W)	260	+5	4.25	2.9	2.2	21.3
¶¶	F.P.	—	84	65	BHP Gold Mines A$0.25	79	—	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	87	−5	—	—	—	—
§50	F.P.	9/9	101	98	‡Corp. Estates Prop.5p	101	+13	10.75	2.4	1.0	55.1
§106	F.P.	—	158	135	‡Dolphin Pack 5p	152	−6	L2.0	3.5	1.8	21.6
10	F.P.	11/12	12¼	10	EFM Dragon Trust 5p.	12¼	−¼	—	—	—	—
100	F.P.	29.9	114	103	First Spanish Inv.Units	111	−2	—	—	—	—
100	F.P.	—	107	99	G.T. Venture 50p.ø	99	−1	—	—	—	—
§§	F.P.	—	135	92	‡Guildehouse Grp. 1p.	135	+5	—	—	—	51.9
§§	F.P.	—	110	70	Do. Warrants	110	+5	—	—	—	—
121	F.P.	—	154	78	Kenson	135	−3	—	—	—	—
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	115	−5	—	—	—	—
100†	F.P.	—	168	115	*Medirace 10p	170	+2	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	87	+2	—	—	—	—
§110	F.P.	4/8	281	185	‡Parkway 5p.	248	−5	R1.5	4.2	0.8	39.1
$10.58	F.P.	—	$21¼	$15	Portugal Fund $0.01	$19⅝	—	—	—	—	—
¶¶	F.P.	—	128	105	*Seacon Holdings	118	−2	—	—	—	17.9
—	F.P.	26/10	118	101	Singer & Fr'dlander 10p	111	+6	—	—	—	—
§§	F.P.	—	166	143	Zetters Leisure 10p.	154	−6	L1.5	3.7	1.3	27.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	108p	105p	AGB Research 6.2% Cnv. Prf.	107p	−1
100p	F.P.	—	102p	97p	Chesterfield Props 5¼pc Cr. Cm. Prf.	101p	−½
¶¶	F.P.	—	145p	130p	Merlin Intl. Cum. Red. Cnv. Prf.	133p	−1
—	F.P.	—	100¼	99⅝	N'wide Anglia 10⅛ pc. 12.9.88	100¼	−⅛
—	F.P.	—	100⅛	99⅝	Do. 10⅝ pc.26.9.88	99⅝	−⅛
§	Nil	—	9½pm	6½pm	Next 5¼% Cnv. 2003	8pm	−1½
—	£25	11/11	25½	12¼	North Housing Assoc. 8¼% Gtd.ln.2037	15¼	−1¼
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	220p	−25
100p	F.P.	—	113p	111p	‡Rainsworth Tst. 7% Cum. Cnv. Red. Prf.	111p	+1

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
350	Nil	—	131pm	108pm	AB Elect.	131pm	+12
30	Nil	6/11	103pm	88pm	Assd. Fin. Inv.	94pm	+1
8	Nil	30/10	14pm	6pm	BOM Holdings	13pm	+4
166	Nil	28/9	3pm	½pm	Blue Arrow 5p	½pm	—
470	Nil	13/11	45pm	32pm	Bowater	33pm	−1
475	Nil	30/10	80pm	49pm	Brit. Vita	74pm	−2
650	Nil	28/9	109pm	88pm	‡Brookmount	103pm	+5
¶¶	Nil	—	18pm	10pm	CDFC Units	13pm	—
90	Nil	—	6½pm	4pm	Christy Hunt 1p	6pm	+½
761	Nil	—	115pm	108pm	Coalite (W.)	109pm	+1
697	Nil	—	75pm	44pm	Do A N/V	49pm	−5
257	Nil	30/9	57pm	35pm	‡Dewey Warren 10p	49pm	+8
335	Nil	30/10	101pm	87pm	Greenwich Res.	93pm	−4
48	Nil	26/10	32pm	19pm	Helene of London 10p	31pm	+5
45	Nil	—	13pm	9pm	Inoco	12pm	+2
400	Nil	—	65pm	41pm	McCarthy 20p	41pm	−2
425	Nil	—	195pm	125pm	‡Miller & Santhouse 5p.	195pm	+4
50	Nil	20/10	88pm	78pm	‡Perkins (J.) Meats	78pm	−3
2½	Nil	—	6pm	3½pm	Property Trust 1p	4½pm	+¼
83	Nil	28/10	24½pm	19½pm	Queens Moat	23¼pm	−1¼
425	Nil	—	21pm	6pm	Tyndall Hldgs	11pm	−2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▇ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ? Placing and offer for sale price. * Third Market. †Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.) øWith warrants

Lucy Kellaway on the launch of the BP share prospectus

Setting the scene for a record

AN UNEASY alliance of tradition and technolgy was presented yesterday at the launch of the BP pathfinder prospectus, which sets the scene for next month's record £7.5bn share sale.

In the gold and white spendour of Lancaster House, BP's vivid yellow and green logo looked out of place, while the video monitors, which were perched incongruously beneath 17th century masterpieces, broke down in the middle of the press conference.

Deprived of his autocue, Mr Michael Richardson, the managing director of NM Rothschild, the merchant bank advising the Government on the issue, spoke with perhaps less than intended conviction of the probable success of the biggest international share sale ever undertaken.

The technology recovered sufficiently to allow the company to make sure-footed presentations of its own past and future, dwelling on its size, its financial strengths and its growth potential.

The pathfinder prospectus itself was welcomed in the City yesterday on the grounds of its size alone. At a manageable 32 pages it breaks the trend to ever-fatter and more complex offer documents, and is well under half the size of the recent prospectus for the flotations of British Airports Authority and British Gas.

With the exception of profit and dividend forecasts - both of which were broadly as expected - the most startling new information contained in the prospectus was the large fall in BP's undeveloped gas reserves.

Its substantial gas fields in Alaksa, which were previously listed as undeveloped reserves, now do not appear in the reserve figures at all. While the move was unexpected, analysts pointed out that the change did not reflect any fundamental downgrading of reserves. In recent annual reports a footnote had been attached to the Alaskan gas reserves warning of the uncertainty of the timing of bringing them on stream. BP said yesterday that it still regarded the gas as a development opportunity in the long term, although the timing would depend on the construction of a pipeline to transport the gas.

A few analysts yesterday expressed disappointment that the forecast dividend was not higher. They argued that the 0.5p increase in the interim dividend had given a clear signal that the final would go up by at least as much, whereas the forecast is for a more modest rise from 7.7p tp 8p.

Peter Cazalet, managing director

Presenting the pathfinder prospectus, Mr Peter Cazalet, deputy chairman, said that the company had four major objectives which would "deepen rather than broaden" its business. These were:

● to integrate Standard Oil into the rest of the group. Earlier this year, BP paid £4.7bn for the shares it did not already own;

● to make acquisitions and disposals where suitable opportunities arose;

● to secure a better geographical balance for the group. In particular, he said that BP would like to increase its exposure to the fast-growing Pacific economies;

● to develop its existing businesses.

Mr David Simon, a managing director, presented the company as one which had maintained the level of its oil reserves over the past few years, and made great strides in returning its refining and marketing busineses to profit.

He pointed to BP's strong financial position and said that the £1.5bn which the company is to raise as a part of the Government's share sale, would repair its balance sheet following the purchase of Standard Oil. "It restores at a strike the financial flexibility we enjoyed nine months ago," he said.

He stressed that the historical cost profit forcast of £1.45bn (compared with £817m in 1986) was critically dependent on a series of assumptions. It was calculated assuming that oil prices and the dollar/sterling exchange rate remained unchanged at about $18.50 and $1.65 for the rest of the year.

New-look Pineapple trebles profit

Still no dividend from Pineapple but the promise is there for next year along with record pre-tax profits for the year to July 31 last which have more than trebled from £332,000 to £1.25m.

Pineapple has been restructuring the original dance and fashion business-- activities that have already been or will be shortly discontinued on this side incurred losses of £124,000 last year - and has made six acquisitions during the past year with the intention of becoming established in graphics and design, incentives and motivation, sales and direct marketing and specialist communications.

Ms Debbie Moore, chairman, said organic growth coupled with continuing acquisition activity should see the group grow significantly again this year.

Turnover of the group last year rose from £6.56m to £8.46m. After tax of £588,000 (£178,000) net attributable profits were £656,000 (£214,000) and earnings per share were 4.58p (2.05p) on a normal basis and 3.35p (1.55p) fully diluted.

There was an extraordinary charge net of tax credit of £47,000(£38,000) relating to the costs of discontinued activities in Pineapple and Pineapple Broadway.

The results have been restated to take account of the use of merger accounting principles in dealing with the acquisitions of Premium Pen and Keymark Out and About.

Boddingtons' £6.1m disappoints City

BY LISA WOOD

Boddingtons, Manchester-based brewer, increased taxable profits to £6.1m, including a surplus of £1m from sales of public houses, in the six months to July 4 1987, an increase of 6.1 per cent on the same period last year. The result was below City forecasts.

Trading profit was £6.3m, down by 7.5 per cent although the comparative figure for 1986 contained an extra four days, worth £216,000, as a result of a change to a 52-week accounting basis.

Turnover at £43.7m was unchanged. Earnings per share increased by 16.8 per cent from 4.04p to 4.72p. The declared interim remains at 1.47p.

Boddingtons has been criticised by the City for not expanding more quickly from its core ale brewing activities.

Sales volume of beer fell by five per cent, compared with the first half of 1986 but was in line with the market in the north-east. Growth in lager sales, at 10 per cent, did not offset decline in ale volumes.

Mr Ewart Boddington, chairman, said that substantial investment had been made in the group's brands.

In addition, the group had faced up to the changes in the market and was committing substantial resources to areas such as retailing. As part of this, it was planning to expand its managed catering outlets, Henry's Table, from an existing 12 to 50 by 1990.

Acquisitions of Village Leisure Hotels and Thornham Construction had been successfully completed and the further developments were currently underway.

Boddingtons this week disposed of Whynot Wine Warehouses to Seagram Retail. Mr Boddington said it had become evident that wine warehousing would not feature in long-term development plans.

Solvay denies Laporte bid

BY FIONA THOMPSON

SOLVAY, a Belgian chemical group, has repeated that it does not intend to launch a bid for Laporte Industries, the UK chemicals group.

Only a "material change in the circumstances relating to Laporte" would prompt Solvay to review this position, the company said.

Solvay said that its position remained unchanged from last October. In a statement then it said: "Laporte has been aware for some time that Solvay plans to increase slowly and progressively the group's holding in Laporte's issued ordinary share capital to 25 per cent.

"In view of the world-wide joint interests of Solvay and Laporte in the Interox companies, Solvay believes it is important for the group to retain a significant interest in Laporte."

In line with this policy Solvay has, since October 1986, increased its holding in Laporte from 30.18m to 31.06m ordinary shares.

Triplex Lloyd purchases

By Dina Medland

Triplex Lloyd, the fast growing-foundries and engineering group, is buying Atlas Architectural Fittings and Verona Hardware from Robert Parkes (Holdings) for £1.36m in cash. It has also agreed to buy New Atomic Brazing from HAB for £250,000 in cash.

Atlas designs, manufactures and distributes aluminium door and window fittings, while Verona distributes a range of brass and porcelain door fittings, together with brass window and electrical fittings. Both companies are based in the West Midlands.

On turnover of £2.5m in 1986, the two companies made a pretax profit of £335,000, of which £164,000 was an exceptional item relating to an insurance claim.

Atomic Brazing is a London-based specialist heat treatment company. Its profit in the year to June 30 was £12,000 after allowing for non-recurring costs.

The integration of Triplex and F.H. Lloyd, agreed in July, was going well, the company said. It was "preparing for the next stage of the group's development through organic growth and further acquisitions" this year.

Harvard Securities

The application by **Harvard Securities Group** to join the Financial Intermediaries Managers and Brokers Regulatory Association has not been unsuccessful, as stated in the FT on August 8, but is still being considered.

Courtney Pope rises to £2.9m

Despite effects of relocation and the fluctuating dollar, **Courtney Pope (Holdings)**, engaged in shopfitting and electrical installation, increased its pre-tax profit from £2.49m to £2.93m in the year ended May 31 1987.

The directors said the results again reflected a higher ratio of profit to sales as a continuing trend. Turnover for the year came to £43.66m (£40.43m).

Earnings worked through at 19.35p (15p) before extraordinary debits of £289,000 (£86,000). The final dividend is 3.75p for a total of 6p(5p).

The engineering division was again the major contributor to profits. The electrical side suffered slightly from relocation to Manchester but that move should eventually provide improved service and margin.

Influenced by the fluctuating dollar, the results of the US subsidiaries did not reach the previous level.

With some attention being paid to the US, the current year should lead to a further increase in profits.

Logica profits leap 66% on strong organic growth

Logica, the computer software and hardware producer, has announced a 66 per cent increase in pre-tax profits for the year to June 30 compared with a 27 per cent improvement in sales.

Profits were £11.3m against £6.8m and turnover was £110.7m compared with £87m. The profit included interest receivable of £778,000 compared with interest payable of £849,000.

With a slightly reduced tax charge of 37 per cent amounting to £4.21m (£2.57m) earnings per share, on an expanded share base, were 43 per cent up at 14.4p (10.1p). The dividend is bumped up from 1p to 1.7p with a proposed final of 1.2p per 10p ordinary.

The directors said in a highly successful year, Logica achieved its objectives of strong organic growth, increased profit margins - the margin exceeded 10 per cent, the highest since the company's early days - and investment in infrastructure while maintaining good cash flow.

Turnover, split 54 per cent for UK clients and 46 per cent for clients outside the UK, remained as before. Growth was evenly balanced between international and UK business.

Revenues have grown right across the range of Logica,s markets. The company's traditional strength was maintained in the finance sector, which is the most internatiional of the company's businesses, being very significant for all operations around the world. Despite pressures on the defence market in the UK, defence business continued to grow profitably.

FIRSTLAND OIL and Gas has acquired Sigma Resources, which is involved in two projects in Mississippi and has interests in some 440 producing wells in the US, for £1.8m in shares. Firstland has issued a further 1.5m shares at 65p to fund its capital requirements and refinance Sigma's borrowings.

Hanson deal gets go-ahead

Hanson Trust shareholders yesterday approved the $1.6bn(£1bn) takeover of Kidde, a US consumer products group.

The company then officially launched its offer to buy each Kidde share for $60.10 and a seven-year warrant carrying right to buy one Hanson ADR (representing five ordinary shares) for $18. The offer will expire on October 21 unless extended.

Three bids were yesterday cleared by the Trade and Industry Secretary to proceed without references to the Monopolies and Mergers Commission. The others were Pilkington for the VisionCare ophthalmic businesses of Revlon and Nippon Gakki for Premier Drum (1984).

The Department also gave details of undertakings given by W.H. Smith not to sell any interest or transfer any management control in Book Club Associates to Bertelsmann, Generale Occidentale or Les Presses de la Cite during the Monopolies inquiry into a proposed £80m deal.

FT-ACTUARIES WORLD INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Sep 25 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thur Sep 24 Index No.	Wed Sep 23 Index No.	Tue Sep 22 Index No.	Year ago (approx) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	985.09	+1.1	7.16	2.85	17.53	16.46	974.43	986.49	981.72	648.59	1038.87	16/7	696.73	2/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (30)	1219.30	+1.8	7.78	2.95	16.83	19.29	1197.33	1215.17	1218.69	763.51	1381.08	16/7	860.39	5/1	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (33)	1834.67	+0.8	6.70	2.73	19.95	29.82	1819.65	1839.26	1833.88	1171.68	1951.50	16/7	1185.08	2/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (12)	2521.97	+0.8	5.08	2.67	25.16	45.17	2500.98	2523.42	2512.11	1731.89	2733.45	20/7	1772.22	2/1	2733.45	20/7/87	84.71	25/6/62
5	Electronics (35)	2081.37	+1.1	7.74	2.41	16.85	33.84	2059.12	2093.26	2061.10	1386.47	2236.70	17/7	1543.71	2/1	2236.70	17/7/87	1229.01	9/10/85
6	Mechanical Engineering (59)	526.82	+1.1	7.52	3.23	16.73	9.96	521.13	524.84	522.21	357.12	542.20	29/7	393.85	2/1	542.20	29/7/87	45.43	5/1/75
8	Metals and Metal Forming (7)	578.25	+0.5	7.04	2.86	17.26	8.88	567.23	569.25	568.16	331.19	591.16	30/7	355.97	2/1	591.16	30/7/87	49.65	6/1/75
9	Motors (14)	400.34	+0.8	7.31	2.80	16.01	5.47	397.25	400.34	398.49	262.33	406.20	16/7	272.85	2/1	406.20	16/7/87	19.91	6/1/75
10	Other Industrial Materials (22)	1715.52	+0.7	6.07	3.03	19.59	34.34	1702.77	1732.74	1736.80	1186.82	1736.80	22/9	1179.19	2/1	1736.80	22/9/87	277.55	15/1/81
21	CONSUMER GROUP (182)	1384.32	+1.3	6.04	2.55	21.09	16.92	1337.30	1358.38	1350.79	901.58	1406.32	16/7	950.87	2/1	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (22)	1218.87	+1.5	8.36	3.04	15.11	15.80	1192.70	1213.48	1209.32	896.39	1269.35	16/7	950.04	2/1	1269.35	16/7/87	69.47	13/12/74
25	Food Manufacturing (23)	1012.30	+0.4	7.28	3.07	17.73	16.23	1008.14	1025.91	1013.86	676.09	1092.25	16/7	738.32	2/1	1092.25	16/7/87	59.67	11/12/74
26	Food Retailing (16)	2477.89	+0.5	5.77	2.36	23.06	36.70	2466.71	2485.27	2486.16	1875.22	2649.96	16/7	1881.08	2/1	2649.96	16/7/87	54.25	11/12/74
27	Health and Household Products (10)	2666.92	+2.3	3.88	1.52	29.84	16.41	2607.93	2652.23	2635.84	1475.31	2699.85	16/7	1645.70	2/1	2699.85	16/7/87	175.38	28/5/80
29	Leisure (31)	1420.89	+1.5	5.78	3.11	21.60	24.82	1399.44	1422.12	1415.51	892.42	1480.59	16/7	906.35	2/1	1480.59	16/7/87	54.83	9/1/75
31	Packaging & Paper (15)	686.39	+0.9	6.15	2.65	21.42	10.82	680.49	678.98	674.57	457.85	739.48	16/7	491.50	2/1	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (13)	4843.42	+1.3	4.24	2.96	30.21	59.63	4782.55	4799.72	4782.58	2570.28	4843.42	25/9	2713.49	2/1	4843.42	25/9/87	55.08	6/1/75
34	Stores (36)	1097.82	+1.0	6.43	2.64	21.05	13.78	1087.18	1113.85	1118.33	837.67	1160.58	29/7	835.17	2/1	1160.58	29/7/87	52.63	6/1/75
35	Textiles (16)	897.81	+2.1	7.04	2.56	16.46	12.07	878.41	888.18	871.81	527.57	897.01	25/9	541.39	2/1	897.01	25/9/87	62.66	11/12/74
40	OTHER GROUPS (89)	1163.20	+1.1	7.49	3.05	16.65	19.86	1150.50	1165.24	1157.19	745.90	1192.30	16/7	815.89	5/1	1192.30	16/7/87	58.63	6/1/75
41	Agencies (18)	1722.68	+0.3	3.66	1.32	35.88	15.18	1716.90	1730.44	1721.77	0.0	1795.57	17/7	1111.16	2/1	1795.57	17/7/87	1111.16	2/1/87
42	Chemicals (21)	1511.68	+0.4	6.50	3.04	18.81	31.59	1504.99	1524.98	1507.55	976.02	1524.98	23/9	1002.01	2/1	1524.98	23/9/87	71.20	1/12/74
43	Conglomerates (12)	1495.22	+2.0	6.93	3.14	16.51	21.92	1466.16	1482.30	1478.28	0.0	1546.12	16/7	1112.14	2/1	1546.12	16/7/87	1112.14	2/1/87
45	Shipping and Transport (12)	2365.23	+0.6	7.13	3.48	18.43	41.85	2351.91	2385.32	2387.65	1457.32	2497.85	16/7	1567.77	2/1	2497.85	16/7/87	90.80	29/6/62
47	Telephone Networks (2)	1084.64	+1.3	9.35	3.73	14.27	18.98	1070.36	1084.64	1070.95	732.60	1274.14	9/6	837.15	5/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (24)	1728.52	+1.4	8.77	2.71	13.61	32.20	1704.92	1730.83	1725.51	1020.35	1731.52	21/9	1101.37	5/1	1731.52	21/9/87	60.39	6/1/75
49	INDUSTRIAL GROUP (483)	1221.61	+1.2	6.73	2.77	18.73	18.18	1207.36	1224.42	1217.31	888.31	1268.86	16/7	860.46	2/1	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (17)	2248.53	+1.5	7.37	4.31	16.76	64.58	2214.75	2261.67	2229.79	1331.95	2458.68	16/7	1505.69	5/1	2458.68	16/7/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1308.84	+1.2	6.82	2.99	18.42	22.11	1292.95	1312.52	1303.33	848.61	1369.88	16/7	915.61	2/1	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (118)	865.77	+0.9	–	3.55	–	17.49	858.83	868.87	863.62	582.10	882.11	16/7	615.75	2/1	882.11	16/7/87	55.88	13/12/74
62	Banks (8)	870.95	+0.9	15.33	4.47	8.63	25.65	863.43	877.55	866.06	650.35	898.38	16/7	685.87	14/4	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (9)	1193.80	+1.5	–	3.70	–	22.60	1176.02	1190.58	1183.18	816.54	1194.71	7/1	869.23	2/1	1194.71	7/1/87	44.88	2/1/75
66	Insurance (Composite) (7)	675.79	+0.7	–	4.08	–	13.50	670.86	676.88	675.59	450.41	678.53	18/9	456.52	2/1	678.53	18/9/87	43.96	13/12/74
67	Insurance (Brokers) (8)	1182.87	+1.2	9.41	4.84	13.60	32.85	1169.21	1184.12	1180.40	1177.57	1399.56	17/7	1089.71	14/4	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (11)	500.67	+0.1	–	2.73	–	7.77	499.97	498.59	493.58	318.71	513.48	17/8	345.85	2/1	513.48	17/8/87	31.21	7/1/75
69	Property (47)	1318.34	+1.0	3.71	2.26	34.82	14.24	1305.50	1330.87	1332.41	737.48	1374.86	16/7	805.82	5/1	1374.86	16/7/87	56.01	20/4/65
70	Other Financial (28)	585.43	+0.7	6.18	2.62	20.46	8.27	581.51	583.44	580.64	334.65	603.48	16/7	365.01	2/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (91)	1172.49	+0.7	–	2.08	–	14.12	1164.39	1177.52	1174.55	774.85	1178.96	21/9	867.57	2/1	1178.96	21/9/87	71.12	13/12/74
81	Mining Finance (2)	698.19	+1.4	6.55	2.50	17.36	6.79	688.22	691.99	685.79	382.30	727.93	3/8	341.86	2/1	727.93	3/8/87	66.31	30/9/74
91	Overseas Traders (10)	1291.85	+1.8	7.00	3.65	16.95	29.58	1269.29	1272.28	1263.84	666.31	1291.85	25/9	778.26	2/1	1291.85	25/9/87	97.37	6/1/75
99	ALL-SHARE INDEX (721)	1195.42	+1.2	–	3.04	–	20.50	1181.64	1190.58	1190.52	774.43	1238.57	16/7	835.48	2/1	1238.57	16/7/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Sep 24	Sep 23	Sep 22	Sep 21	Sep 18	Year ago	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX §	2342.6	+29.2	2342.6	2319.2	2313.4	2332.4	2336.2	2334.8	2328.3	1560.6	2443.4	16/7	1674.5	2/1	2443.4	16/7/87	986.9	23/7/86

FIXED INTEREST

	PRICE INDICES	Fri Sept 25	Day's change %	Thu Sept 24	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.45	+0.12	120.30	–	8.55
2	5-15 years	134.20	+0.18	134.05	0.08	10.28
3	Over 15 years	141.38	+0.25	141.03	–	10.29
4	Irredeemables	154.58	−0.06	154.67	–	8.81
5	All stocks	131.82	+0.17	131.64	0.04	9.76
	Index-Linked					
6	5 years	119.60	+0.03	119.56	–	2.18
7	Over 5 years	111.07	−0.13	111.22	–	2.60
8	All stocks	111.61	−0.12	111.74	–	2.55
9	Debentures & Loans	114.47	+0.02	114.45	–	7.25
10	Preference	83.41	−0.33	83.68	–	4.35

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 25	Thu Sep 24	Year ago (approx.)	1987 High		1987 Low	
	British Government								
1	Low	5 years	9.63	9.64	9.53	9.78	2/1	7.52	11/5
2	Coupons	15 years	9.89	9.91	10.16	10.08	2/1	8.53	8/5
3		25 years	9.75	9.76	10.17	10.08	2/1	8.55	8/5
4	Medium	5 years	10.34	10.37	11.12	10.80	2/1	8.39	8/5
5	Coupons	15 years	10.15	10.17	10.54	10.39	2/1	8.74	8/5
6		25 years	9.94	9.94	10.20	10.18	2/1	8.75	8/5
7	High	5 years	10.42	10.43	11.21	10.84	2/1	8.58	8/5
8	Coupons	15 years	10.32	10.33	10.75	10.57	2/1	8.86	8/5
9		25 years	9.99	9.99	10.31	10.24	2/1	8.72	8/5
10	Irredeemables†		10.02	10.02	10.00	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflation rate 5%	5yrs.	3.57	3.56	4.75	3.95	2/1	2.03	20/5
12	Inflation rate 5%	Over 5 yrs.	4.13	4.11	3.69	4.13	25/9	3.30	6/4
13	Inflation rate 10%	5 yrs.	3.58	3.55	3.38	3.58	25/9	0.85	24/3
14	Inflation rate 10%	Over 5 yrs.	4.13	4.12	3.53	4.13	25/9	3.17	27/3
15	Debs &	5 years	11.39	11.39	11.27	11.68	22/9	9.46	12/6
16	Loans	15 years	11.38	11.38	11.36	11.52	28/8	9.79	23/3
17		25 years	11.38	11.38	11.41	11.48	26/8	9.84	23/3
18	Preference†		10.93	10.98	11.09	11.83	2/1	10.05	22/6

§ Opening index 2321.1; 10 am 2324.4; 11 am 2330.6; Noon 2330.7; 1 pm 2331.3; 2 pm 2332.1; 3 pm 2334.3; 3.30 pm 2333.8; 4 pm 2339.8

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Associated Fisheries (25) has been deleted and replaced by Parkfield Group (10).

BANK OF NEW YORK EYES A PRESTIGIOUS INSTITUTION

US bank in $1.4bn bid for rival

BY ANATOLE KALETSKY IN NEW YORK

BANK OF NEW YORK, the oldest bank in the US and now the leading force in many wholesale banking and securities processing services to the New York investment community, has launched a $1.4bn takeover bid for another of Wall Street's most prestigious institutions, Irving Bank, the parent company of Irving Trust—a company whose headquarters boasts the world's most hallowed financial address, Number One Wall Street.

The combination would create the 11th largest bank holding company in the US, with assets of about $40bn. More significantly, it would merge the two leading providers of clearance services for the US government securities market and consolidate many other crucial financial services in which the two banks specialise.

One of the fastest growing of these overlapping fields is the issuance of American Depositary Receipts (ADRs) on behalf of foreign companies seeking listings on a US stockmarket. Irving Trust is the second biggest issuer of ADRs, after Morgan Guaranty, and Bank of New York is the third biggest.

Despite the obvious synergy between the two banks, many analysts on Wall Street expect the bid to be strongly resisted by Irving's management which yesterday made a formal rejection.

While the value of the cash and securities offer, which Bank of New York put at $80 a share, represented a premium of 54 per cent of Irving's pre-bid stock price and 75 per cent on the bank's book value, it did not seem particularly generous, according to Ms Felice Gelman of Fox-Pitt Kelton, a leading firm of bank securities analysts.

Ms Gelman estimated that the offer amounted to only about 11 times Irving's prospective earnings next year and predicted that Irving might well look to a white knight rescue from another bidder—most likely a major Japanese or European bank which would be attracted to Irving's powerful position as a wholesale institution on Wall Street.

For Bank of New York, the unexpected bid for Irving looks like the culmination of a period of rapid, and generally profitable, growth which began in the early 1980s, when the bank's management sought to shake off the fusty image of an institution which was founded more than 200 years ago by Alexander Hamilton, the first Secretary of the US Treasury.

In the last few years the growth strategy has concentrated on retail banking in the affluent suburbs of New York—a market where it was greatly strengthened last year by the $300m acquisition of Long Island Trust from Banco Commerciale Italiana.

Goodman in London placing

By Our Sydney Correspondent

GOODMAN FIELDER, the Australian food group which has a 21 per cent interest in Ranks Hovis McDougall of the UK, yesterday announced a 20m share placement to British institutions ahead of a London listing in November.

The placement, representing some 3.7 per cent of the group's issued capital, follows the announcement on Thursday of strong maiden profit and revenue figures for the year.

No details of a likely issue price were revealed, but on the assumption of a discount to this week's share price in Sydney of about A$5.40, the placing would realise A$100m (US$73m).

Mr Duncan McDonald, managing director, said the placement would facilitate trading and ensure the success of the listing

It would also lift the company's international visibility, he said. Goodmans made a £85m convertible bond issue in London three months ago.

Thursday's figures showed an after-tax equity-accounted profit of A$141m, which was better than expected, on total revenues of A$1.77bn.

The group was created last year from a merger of the Goodman group from New Zealand and Fielder Gillespie Davis and Allied Mills, both of Australia.

It is seeking approval for a merger with Wattie Industries, a New Zealand food processor. It also wishes to build a stake in RHM in order to equity account its share of the profits.

The placement of shares, which is subject to shareholders approval, is being handled by Hoare Govett and S. G. Warburg.

Elders earnings soar 132%

BY CHRIS SHERWELL IN SYDNEY

NET PROFITS at Elders IXL, the Australian brewing, agribusiness and finance conglomerate, have soared to a record for the year to June on increased turnover.

On an equity-accounted basis, consolidated operating profit rose 132 per cent, from A$209.3m ($152.9m) to A$486.2m. Total revenues increased 38 per cent, from A$7.66bn to A$10.56bn.

On a pre-tax basis and before equity accounting, consolidated operating profits more than doubled from A$369m to A$742m.

Tax charges of A$127.5m were below the nominal corporate rate because of available tax losses, rebateable dividends and non-taxable income, all of which amounted to A$148.4m.

Earnings per share rose to 56.2 cents from 36.9 cents on weighted average capital. The annual dividend of 17.9 cents was equivalent to 20.4 cents on pre-bonus capital, which compared with 15.75 cents last year.

In a statement accompanying the results, Elders announced a variation in the terms of the reconstruction of the group unveiled last month.

To give shareholders greater flexibility, they will be offered a one-for-five tax-free bonus issue as an alternative to the A$1 per share non-taxable capital return previously announced.

The directors pointed out the increasing internationalisation of the brewing group through the acquisition of Couareg in the UK and Carling O'Keefe in Canada. There was also a dramatic increase in exports of Foster's, the group's flagship brand, especially in the US.

Strong profits growth was reported from Elders' agribusiness operations in wool, meat and grain. The agricultural trading and processing division completed a "highly impressive year" after rationalisation.

Funds under management by the finance group more than doubled to A$1.6bn, while Elders Resources, in which Elders IXL has a 48 per cent interest, posted a net profit of A$55m in its first full year.

On the investment front, major contributions to profit were received from equity accounted investments in BHP, Elders Resources, Goodman Fielder, and SA Brewing.

A profit of A$94m was realised from the sale of BHP Gold Rights, and AFP Investment Corp paid A$40m because of changes to an option agreement with BHP.

Statoil overshoots budgets

BY KAREN FOSSLI IN OSLO

THE NORWEGIAN government is to lose NKr 3.8bn ($572.2m) in earnings from Statoil, the state oil company, following revelations that the company has overshot cost budgets on the expansion of its Mongstad refinery and oil loading terminal.

The Mongstad refinery, located on the west coast of Norway, is to have handling capacity increased by more than 50 per cent.

Last month it was expected that the project's budget would increase to NKr 5.8bn so the new estimates—NKr 9.6bn—have come as a severe shock to the energy minister, Mr Arne Oeien.

Six oil storage caverns are being constructed to store oil from Statoil's Statfjord and Gullfaks North Sea oil fields. From the start the expansion project was shrouded in disbelief from oil industry sceptics who questioned Statoil's estimates of the future market for refined products.

The project was originally estimated to yield a profit margin of 10 per cent but the huge budget overshoot, which is being described as one of Norway's biggest industrial scandals, it is likely that yield will fall to just 4 per cent.

Mr Oeien described the situation ase "very serious." It will be dealt with in a report to the Norwegian Parliament this autumn. Mr Oeien said that what is really affected is the revenue estimates from Statoil to the state and Statoil's borrowing position.

Mr Oeien did not believe that the budget overshoot losses would affect the national budget due next week. "It does, however, imply a loss to the Norwegian Government," he said.

Statoil said that the main reasons for the budget overshoot were: the workload became larger than originally expected, the interface work between the old refinery and the new refinery became more cocplex than estimated because of inflation and the Norwegian labour market proved inflexible.

The oil loading terminal is due to come into operation in March, 1988, and the refinery in December, 1988.

Aker Norcem takes control of platform builder

By Our Oslo Correspondent

AKER NORCEM, the Norwegian industrial group, has bought the outstanding two-thirds interest in Norwegian Contractors, the concrete offshore group, for NKr 575m ($86.3m).

Mr Ragnar Skaugdal, a director in Aker Norcem, said that the deal will strengthen the two companies international competivity in the offshore construction industry. Aker Norcem acquired the shares from Selme-Sande.

A division of Aker Norcem, Norwegian Contractors builds steel platforms for offshore oil and gas fields and has been successful in delivering concrete platforms for oil and gas fields located in the Norwegian and UK North Sea sectors.

Mr Skaudal said that the two companies would continue to compete against each other in the open market.

Norwegian Contractors was established in 1970 and is currently constructing its 13th concrete offshore platform for Statoil, Norway's state oil company. Annual turnover for the company, which has been as high as NKr 2bn in recent years, has lately declined following the cutbacks in offshore work

Aker Norcem has a 20 per cent stake in Saga Petroleum, the Norwegian independent oil company. It is finalising a deal to acquire Norema, a supplier of building materials.

Home Shopping to sue telephone group for $1.5bn

BY JAMES BUCHAN IN NEW YORK

HOME SHOPPING Network, the pioneer of television retailing whose stock has boomed and collapsed on Wall Street this year, is suing the GTE telecommunications group for $1.5bn on the grounds that bad telephone equipment and service cost the company millions of customers.

The suit, which demands damages far exceeding Home Shopping's current market value, was filed yesterday in a state court near the company's Clearwater, Florida, headquarters.

Home Shopping, which sells phone-in customers anything from fake diamond rings to electrical appliances, said GTE's poor service and defective telephone switching equipment cost the company "millions of customer telephone calls and in excess of $500m in revenues fiscal 1987 alone."

The company also accused GTE of misrepresenting the equipment's capabilities and then engaging in a "cover up" to hide its own failures. GTE would not comment on the allegations until it had received court papers.

Home Shopping stock, which was floated for $3 in May, 1986, peaked at $47 in January, when the company was worth more than CBS. The stock then collapsed when disappointing sales revenues raised nagging fears on Wall Street that television retailing might be little more than a fad.

The company which reported net income of $26.2m or 29 cents a share on revenues of $422.2m in the nine months to May, closed at $12¾ yesterday, up $¼.

Mr Roy Speer, Home Shopping's chairman, said: "HSN discovered in April 1987 that inadequacies in the GTE telephone system were keeping over 50 per cent of incoming customer calls from ever reaching HSN operators and that GTE's own records showed that thousands of calls were being lost. GTE failed to tell HSN what was happening and continued to deny that there was a problem."

Cerus reaches FFr 194m at six months

By George Graham in Paris

CERUS, the French holding company of the De Benedetti group of Italy, which was floated on the Paris stock market in April, has reported first half consolidated net profits of FFr 194m ($31.9m).

Parent company profits reached FFr 125m in the first half, compared wth FFr 54.3m in the six months following Cerus's creation in July 1986.

The company, chaired by Mr Carlo de Benedetti whose group holds a 40 per cent stake, said results for the whole year should be in line with those of the first half.

Valeo, the French motor components group now managed by Cerus, made net profits of FFr 203m, with sales up 18 per cent to FFr 7.26bn. The company had made profits of FFr 140m in the first half of 1986 but a loss of FFr 388m after heavy restructuring costs.

Cerus said Valeo had refocussed on its strong points, disposing of some of its non-automotive activities, buying Chausson Thermique and planning the merger of Valeo with its subsidiary SEV.

YSL is now due to be floated on the Paris second market on December 4, two years ahead of its original plans.

Shearson Lehman, the US investment bank, recently acquired a 3 per cent stake, adding to existing participations in other De Benedetti holding companies.

HK property concern ahead

BY OUR HONG HONG CORRESPONDENT

SUN HUNG KAI Properties, one of Hong Kong's leading property groups, has produced after-tax profits for the year to June 30 of HK$1.36bn ($174m), an 85 per cent improvement on profits of HK$690m in 1985-86.

The group also announced a 1-tor-10 scrip issue and unveiled a final dividend of 26 cents a share, making a total for the year of 41 cents. The group's shares rose 90 cents to HK$20.20 on the news.

Jardine Matheson result tops expectations

BY DAVID DODWELL IN HONG KONG

JARDINE MATHESON Holdings, Hong Kong's oldest trading group, yesterday revealed half-year profits after tax and minorities of HK$325m (US$41.5m)—marking an 82 per cent improvement on profits of HK$179m in the six months to June 30 1986.

The performance, underpinned by strong profits growth from the group's merchant banking subsidiary, Jardine Fleming and its three operating associates, the Manadrin Oriental Group, Dairy Farm, and Hongkong Land, surpassed the most ambitious market forecasts, and contained a trend of giddy corporate porfits growth among Hong Kong's leading companies.

The results played their part in pushing the Hang Seng index, Hong Kong's main stock maket indicator, to a new high of 3840 — a gain of 71 points on the day and almost 200 points ahead of the weekend close last week. With bullish sentiment running wild in the stock market, fuelling an array of rumours, and talk of syndicate manipulation of certain share jrices, turnover also rose to a record HK$3.45bn.

Jardine Matheson's turnover in the six months to June 30 amounted to HK$559m, 70 47 per cent from HK$379m in the first half last year.

After tax profit was further boosted by an extraordinary gain of HK$85m, arising from a share in recently announced extraordinary gains from Hongkong Land, and from a property sale in the UK.

The group boosted its interim dividend to 12.5 cents, from 7 cents at the half way stage last year. Shareholders can opt to take the dividend in new Jardine shares, or in cash.

The star performer in the six months under review appears to have been Jardine Fleming, which has been buoyed by strong stock market performances in Hong Kong and Tokyo. The only dull area of operations is the engineering and construction area, where fierce competition continues to pare tot he bone the profits of its subsidiary Gammon (Hong Kong).

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1750/950	+195	$1340/360	$1930/1950	$1205/1225
Antimony					
Free Market 99.6%	$2220/2250	−15	$2430/2530	$2400/2500	$2150/2200
Copper-Cash Grade A	£1145.5	−24.75	£932.25	£1149.5	£870.25
3 months Grade A	£1123.5	+21	£982.75	£1127.75	£849.5
Gold per oz	$462	+0.75	$430	$478.75	$390.25
Lead Cash	£372	−18.5	£278	£445	£288.75
3 months	£364.5	−9	£281.25	£417.5	£290.75
Nickel					
Free market	242/252c	−8	164/184c	247/257c	166/177c
Palladium	$137.10	−0.15	$143.50	£161.00	$117.15
Platinium per oz	$587.50	−1.25	$582.00	$646.50	$476.75
Quicksilver (76lbs)	$306/316	−7.5	$125/135	$310/325	$150/160
Silver per oz	462.05p	+0.85	398.35p	653.60p	344.40p
3 months per oz	475.45p	+0.75	407.85p	669.20p	352.70p
Tin					
Free market	£4140/4170	+15	£3760/790	£4,310/640	£3,960/980
Tungsten Ind	$53.76	−1.69	$51.25	$58.19	$41.44
Wolfram (22.04 lbs)	$38/50	—	$35/48	$50/55	$32/48
Zinc cash	£468.5	+21	£538	£567	£447
3 months	£470.75	+18	£500.75	£550.5	£448
Producers	$860	—	$920	$870	$770/790
GRAINS					
Barley Futures Jan	£104.20	—	£109.95	£118.55	£95.30
Maize French	£140.00	−5	£154.00	£163.50	£140.00
WHEAT Futures Jan.	£107.95	—	£107.40	£125.50	£98.75
SPICES					
Cloves	$3500	—	$5100	$3,800	$3,200
Pepper white	$6400	—	$8400	$6,400	$4,900
black	$4900	—	$4450	$4,900	4,200
OILS					
Coconut (Philippines)	$495t	—	$255	$580	$320
Palm Malayan	$365y	+30	$205	$390	$285
SEEDS					
Copra (Philippines)	$390	+5	$135	$325	$2230
Soyabeans (U.S.)	$158	—	$164	$162.5	$13.5
OTHER COMMODITIES					
Cocoa Futures Dec	£1238.5	+13.5	£1582.5	£1,439.5	£1,198.5
Coffee Futures Nov	£1387	−34.5	£2462	£1855.5	£1,310.5
Cotton Outlook A Index	83.95c	−4.5	45.30c	87.70c	58.65c
Gas Oil Fut. Nov	$160.5	+4.5	$128	$178.25	$125.5
Jute LJA BWC grade	$435	+10	$235	$435	$280
Rubber kilo	67p	−3.5	62p	71.5p	60p
Sisal No. 3L	$615		$625	$615	$610
Sugar (Raw)	$157.2t	−7	$119.5	$204	$139.5
Tea (quality) kilo	160p	—	200p	180p	140p
(low med) kilo	78p	—	122p	111p	60p
Wooltops 64s Super	483p kilo	−7	390p kilo	548p kilo	415p kilo

‡ Unquoted. (z) Nov. (w) Sept/Oct. (y) Dec. (t) Oct/Nov. (x) Oct.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or −	High/Low
Cash	1946-50	+7.5	—
3 months	1812-15	+18.5	—

Official closing (am): Cash 1,940-50 (1,930-70), three months 1,805-15) (1,800-10), settlement 1,950 (1,970). Final Kerb close: Unquoted. Ring turnover: 500 tonnes.

99.5% purity	£ per tonne		
Cash	1186-90	+24	1180
3 months	1095-6	+15	1097/1089

Official closing (am): Cash 1,179-80 (1,161-3), three months 1,092-3 (1,085-9), settlement 1,180 (1,163). Final Kerb close: 1,090-1. Ring turnover: 10,275 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1145-5	−4	1154/1145
3 months	1123-4	−4.25	1127.5/1118

Official closing (am): Cash 1,150-1 (1,151-2), three months 1,127-7.5 (1,131.5-2.5), settlement 1,151 (1,152). Final Kerb close: 1,119-20.

Standard			
Cash	1140-2	−4.5	—
3 months	1120-2	−4	—

Official closing (am): Cash 1,145-7 (1,147-9), three months 1,123-5 (1,128-30), settlement 1,147 (1,149). US Producer prices: 86-89 cents a pound. Total ring turnover: 52,750 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	371-3	−5	368
3 Months	364-5	−4	365/349

Official closing (am): Cash 368-8.5 (381-2), three months 362.5-3 (370.5-1), settlement 368.5 (382). Final Kerb close: 360-1. Ring turnover: 14,400 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3265-80	+57.5	
3 months	3295-300	+37.5	3295/3280

Official closing (am): Cash 3,285-90 (3,265-60), three months 3,294-5 (3,255-60), settlement 3,290 (3,260). Final Kerb close: 3,295-300). Ring turnover: 288 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	468-9		
3 months	470.5-1	+2.5	472/465.5

Official closing (am): Cash 464-5 (467-8), three months 467.5-8 (472-2.5), settlement 465 (468). Final Kerb close: 470-1. Ring turnover: 8,250 tonnes. US Prime Western: 43-43.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.7%	—	—	—	—	—
Aluminium 99.5%	1,750	131½	91½	27	113
	1,800	88½	72	43½	142½
	1,850	71½	—		
Copper (Grade A)	1,800	84½	82	91½	78
	1,850	56	70	61	105
	1,900	35	52	79	135½
	£/tonne				
Copper (Grade A)	1,100	46	49	13	35
	1,125	33	37	23	47
	1,150	21	27½	36	69

TIN

KUALA LUMPUR TIN MARKET—Close: 16.90 (16.83) ringgit per kg. Up 0.07.

GOLD

GOLD BULLION (fine ounce)	Sept. 25	
Close	$461¾-462¼	(£281¼-281¾)
Opening	$462-462½	(£282-282½)
M'n'g fix	$461.00	(£281.492)
Aft'n'n fix	$461.50	(£281.431)
Day's high	$462-462½	
Day's low	$460¼-460¾	

GOLD AND PLATINUM COINS

Am Eagle	$475-480	(£289¼-293¼)
Mapleleaf	$474-477	(£288½-290½)
Kr'g'r'nd	$461-464	(£280½-282½)
½ Krug	$241-250	(£146½-152¼)
¼ Krug	$123-131	(£74½-79¾)
Angel	$472-475	(£287½-289¼)
1/10 Angel	$50-56	(£30½-33½)
New Sov.	$108½-109½	(£66-66¼)
Old Sov.	$108½-110	(£66-67)
Noble Plat.	$604½-611¼	(£368-372½)

RUBBER

PHYSICALS—Closing prices (buyers): Spot 67.00p (67.50p); Nov 68.25p (68.75p); Dec 68.50p. (69.00p) The Kuala Lumpur fob prices (Malay-Singapore cents per kg) was: RSS No 1 268.5 (same); SMR 20 254.0 (254.5).

INDICES

REUTERS

Sept. 24	Sept. 23	M'th ago	Year ago
1651.0	1646.1	1668.4	1509.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 24	Sept. 23	M'th ago	Year ago
Spot	128.26	126.26	—	124.27
Fut	130.99	131.33	—	135.43

(Base: December 31 1931=100)

SILVER

Silver was fixed 4.9p an ounce lower for spot delivery in the London bullion market yesterday at 462.05p. US cent equivalents of the fixing levels were: Spot 757c, down 5.55c; three-month 771.15c, down 5.85c; six-month 786.25c, down 5.85c and 12-month 820.3c, down 7.1c. The metal opened at 465½-466½p (762-764c) and closed at 464½-465p (762-764c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	462.05p	−4.9	765c	−4
3 months	475.45p	−5.85	779c	−4
6 months	485.00p	−4.80	—	—
12 months	509.10p	−5.25	—	—

Three months final kerb 778-80c.

LME—Turnover: Nil (nil) lots of 10,000 ounces.

COFFEE

Robustas had a quiet day as all eyes were turned towards the ICO meeting, reports Drexel Burnham Lambert. In thin volume prices consolidated around Thursday's closing levels as dealers prefered to remain sidelined.

COFFEE	Yesterday's close	+ or −	Business done
Sept	1256-1259	+3.5	1260-1242
Nov	1265-1266	+1.0	1280-1274
Jan	1313-1315	+0.5	1317-1300
March	1335-1337	+3.0	1338-1322
May	1350-1357	+5.0	1357-1339
July	1372-1375	+11.0	1365-1354
Sept	1392-1400	+11.0	

Sales: 1,596 (3,414) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 24: Comp. daily 1979 102.58 (101.46); 15-day average 105.57 (105.38).

COCOA

The tone was muted with futures held in a narrow range, closing only marginally steadier on the day. Producers were unwilling to re-enter the market but some light consumer interest was noted, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept	1197-1205	−4.0	1198
Dec	1237-1239	+1.5	1242-1235
March	1269-1270	+2.0	1271-1266
May	1289-1290	+3.0	1291-1287
July	1309-1313	+1.5	1312-1307
Sept	1331-1333	+4.0	1332-1327
Dec	1351-1353	+1.5	1353-1348

Sales: 1,842 (2,538) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for September 24: 1,560.37 (1,561.56); 10-day average for

FREIGHT FUTURES

The market was virtually static with no particular impetus by way of physical news, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1125	1130/1125	1120
Jan.	1174	1180/1166	1160/1166
Apr.	1210/1250	1230/1200	1200/1210
July	1070/1085		1050/1084
Oct.	1200	1200/1175	1170
Jan.	1185	1185/1175	1175
April	1380/1350	—	1355/1350
BFI.	1058.5		1033

Turnover: 268 (253).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 93.50, Nov 95.50. US No 2 Soft Red Winter: Oct 91.00, Nov 93.50, Dec 95.50. French 11½-12 per cent: Sept 135.50 sellers. English feed, fob: Jan/March 112.00, April/June 115 paid East Coast, Oct/Dec 109.00, Jan/March 111.50, April/June 115.00. Maize: US No 3 Yellow/French, transhipment East Coast: Sept 140.00 seller. Barley: English feed: Oct 108.50 paid Tilbury, Oct 108.00 Scotland, Oct/Dec 108.00, Jan/March 111.00 East Coast.

Wheat and barley both eased on news of intervention trades for third country exports finding speculative selling on wheat, and shipper long liquidation on barley, reports T. G. Roddick.

Mnth	WHEAT Yest'dy's close	+ or −	BARLEY Yest'dy's close	+ or −
Nov.	106.05	−0.55	102.30	−0.70
Jan.	107.95	−0.60	104.20	−0.75
Mar.	110.60	−0.60	106.20	−0.85
May	112.80	−0.60	107.70	−0.90
July	115.60	−0.60	—	—

HGCA—Locational ex-farm spot prices. Feed Barley: Eastern 99.50, E. Mids 99.50, N. East 100.00, Scotland 97.60. The UK monetary coefficient for the week beginning Monday October 5 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

Business done—Wheat: Nov 106.60-6.05, Jan 108.50-7.90, March 111.10-10.60, May 113.20-2.80, July 115.30. Sales: 191 lots of 100 tonnes. Barley: Nov 102.65-2.30, Jan 104.60-4.20, March 106.90-6.50, May 108.10. Sales: 259 lots of 100 tonnes.

POTATOES

The market was initially £1.00 easier on improved UK weather prospects and rumours of an imminent bearish Dutch crop forecast. However, the dip was short-lived with keen buying at and below the £133.00 level holding the market within a narrow range for the bulk of the session, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	83.10	83.50	83.00-83.00
Feb.	97.00	95.50	
March	86.50	86.10	
Apr.	133.20	133.60	133.50-132.60
May	148.50	148.40	148.00

Sales: 458 (441) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Oct.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.65-16.90	−0.085
Brent Blend	18.55-18.65	−0.145
W.T.I. (1pm edt)	19.56-19.68	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($per tonne)		
Premium gasoline	175-177	—
Gas Oil	156-158	—
Heavy fuel Oil	96-97	−1
Naphtha	158-160	−0.5

* November

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yesterd'ys close	+ or −	Business done
	US$ per tonne		
Oct	158.75	—	158.75-57.75
Nov	160.50	−0.25	160.50-59.75
Dec	162.25		162.25-61.50
Jan	163.00	−0.50	163.25-62.00
Feb	163.75	+0.25	165.00-63.75

Turnover: 1,368 (4,195) lots of 100 tonnes.

US MARKETS

PRECIOUS METALS eased on late trade selling following early local-dominated activity, reports Drexel Burnham Lambert. Pre-weekend book squaring was also a feature. Copper rallied on trade buying. In crude oil persistent trade selling in a thin market drove prices lower again in a market otherwise dominated by locals. Sugar fell on early trade selling but found support at the lows where the trade emerged as a buyer, eventually touching-off commission house stops on the close as the market rallied back to the highs. Cocoa fell on commission house selling but rallied back on short-covering after trade support emerged at the lows. Fund selling in coffee was insufficient to overcome trade and local buying which touched off stops to firm prices. Cotton fell on good commission house selling and profit-taking despite trade buying in the October position. Expectations of tighter supplies firmed cattle prices in thin volume. Pork bellies and hogs were unchanged to slightly higher despite firmer cash prices as traders anticipated a negative report next week. Early technical buying in the soyabeans firmed prices, but profit-taking and pre-hedging depressed prices also in the maize despite commission house buying.

NEW YORK

ALUMINIUM 10,000 lbs: cents/lbs

	Close	Prev	High	Low
Sept	85.00	84.75	85.00	85.00
Oct	81.80	82.05	—	—
Nov	81.80	82.05	—	—
Dec	81.50	81.75	82.00	80.75
Jan	78.75	79.00	—	—
Mar	75.25	75.50	—	—
May	70.75	71.00	—	—
Jul	69.00	69.25	—	—

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Dec	114.78	112.78	114.90	113.30
Mar	117.50	116.00	117.50	116.50
May	118.78	117.34	118.76	117.25
July	119.76	118.75	119.78	118.00
Sept	121.01	119.75	121.01	119.75
Dec	122.51	121.00	122.51	120.60

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Dec	1934	1940	1940	1925
Mar	1944	1947	1950	1936
May	1968	1970	1969	1960
Jul	1985	1990	1985	1985
Sept	2010	2014	2010	2010
Dec	2040	2043	2040	2040

COPPER 25,000 lbs; cents/lbs

	Close	Prev	High	Low
Sept	82.06	81.50	82.20	81.50
Oct	82.15	81.35	—	—
Nov	81.95	81.10	—	—
Dec	81.75	80.85	81.85	80.80
Jan	81.15	80.30	—	—
Mar	80.00	79.20	80.10	78.50
May	79.30	78.55	79.30	78.50
Jul	77.95	77.20	—	—
Sept	78.50	77.75	78.30	77.90
Dec	78.35	77.60	78.35	78.35

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	74.90	75.71	76.20	74.90
Dec	73.92	74.82	75.10	73.75
Mar	75.00	76.12	76.40	75.00
May	75.53	76.80	76.75	75.50
Jul	75.20	76.05	76.75	75.25
Oct	68.20	68.75	68.80	68.10
Dec	66.05	66.50	66.60	66.10

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

	Close	Prev	High	Low
Nov	19.53	19.65	19.60	19.51
Dec	19.36	19.45	19.43	19.33
Jan	19.27	19.35	19.32	19.24
Feb	19.21	19.30	19.29	19.20
March	19.18	19.26	19.20	19.18
April	19.18	19.22	19.18	19.12
May	19.15	19.19	19.17	19.14
June	19.09	19.17	19.09	19.09

GOLD 100 troy oz; $/troy oz

	Close	Prev	High	Low
Sept	460.1	462.1	460.0	460.0
Oct	460.3	462.4	462.1	460.0
Nov	463.5	465.6	464.0	465.0
Dec	466.6	468.7	469.4	465.5
Feb	473.1	475.1	474.9	473.5
April	479.5	481.4	481.0	479.5
June	486.1	487.9	487.0	487.0
Aug	493.0	494.7	—	—
Oct	500.2	501.5	499.8	499.8
Dec	507.5	509.0	507.8	507.8
Feb	515.0	516.4	—	—
June	530.2	531.4	530.2	530.0

HEATING OIL 42,000 US gallons; cents/US gallons

	Latest	Prev	High	Low
Oct	53.40	53.48	53.55	53.25
Nov	54.05	54.17	54.30	53.85
Dec	54.55	54.72	54.80	54.30
Jan	55.00	55.12	55.20	54.80
Feb	55.20	55.37	55.35	55.20
Mar	53.55	53.50	53.55	53.20
May	50.90	50.95	50.90	50.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Nov	131.80	130.60	132.00	130.20
Jan	129.90	129.15	129.95	128.90
Mar	130.10	129.50	130.00	129.15
May	130.25	130.45	—	—
Jul	130.45	130.75	—	—
Nov	130.45	130.25	—	—
Jan	130.45	130.45	—	—

PLATINUM 50 troy oz; $/troy oz

	Close	Prev	High	Low
Sept	588.6	591.0	—	—
Oct	589.9	593.5	593.5	589.0
Jan	599.2	602.8	602.5	599.0
Apr	608.2	611.8	610.1	609.0
July	617.2	620.7	620.0	619.2
Oct	626.7	630.0	629.0	628.0

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Sept	759.5	762.2	762.0	757.0
Oct	759.9	763.9	—	—
Nov	765.1	769.1	—	—
Dec	770.0	774.0	775.0	765.0
Jan	775.0	779.0	—	—
March	786.8	790.8	790.0	784.0
May	798.5	802.4	796.5	796.5
July	810.5	814.5	810.0	810.0
Sept	823.0	826.9	—	—

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	6.15	6.06	6.17	6.01
Jan	6.42	6.32	6.35	6.35
Mar	7.11	6.92	7.13	6.93
May	7.37	7.13	7.37	7.12
Jul	7.53	7.31	7.53	7.29
Oct	7.77	7.54	7.78	7.49
Jan	8.04	7.81	—	—

CHICAGO

LIVE CATTLE 40,000 lbs; Cents/lbs

	Close	Prev	High	Low
Oct	69.17	68.47	69.35	68.56
Dec	69.47	68.97	68.70	69.00
Feb	68.56	68.27	68.67	68.25
Apr	69.30	68.90	69.40	69.00
June	68.70	68.55	68.90	68.55
Aug	67.38	67.35	67.65	67.30

LIVE HOGS 30,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	49.00	49.07	49.55	48.85
Dec	46.35	46.72	46.95	46.00
Feb	44.10	44.20	44.55	43.90
Apr	41.77	41.27	41.65	41.00
June	43.42	43.55	43.85	43.12
July	43.85	43.80	44.00	43.70
Aug	42.77	42.87	43.35	42.77
Oct	40.40	40.80	40.75	40.40
Dec	40.70	40.80	—	40.70

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	Prev	High	Low
Dec	176.2	174.6	175.4	173.6
Mar	185.0	184.4	185.2	183.8
May	190.2	190.0	190.2	188.8
Jul	192.8	193.0	192.6	191.6
Sep	190.6	191.4	191.4	189.4
Dec	191.6	193.4	193.4	190.0

PORK BELLIES 38,000 lbs; Cents/lb

	Close	Prev	High	Low
Feb	59.80	59.77	60.75	59.45
March	59.35	59.15	59.87	58.85
May	59.75	59.47	60.05	59.50
July	59.32	59.40	59.80	58.77

SOYABEANS 5,00 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Nov	522.2	525.2	527.2	522.0
Jan	528.6	531.4	533.4	528.4
March	536.6	538.0	540.0	535.4
May	541.6	542.2	545.0	541.0
July	534.6	545.0	548.0	543.4
Aug	540.4	542.0	540.4	540.4
Sept	532.0	532.0	—	—
Nov	528.4	530.2	533.2	529.0

SOYABEAN MEAL 100 tons; $/ton

	Close	Prev	High	Low
Dec	164.3	165.3	166.0	163.0
Oct	168.1	169.2	170.0	167.0
Jan	162.4	163.8	164.6	162.1
March	161.4	162.8	163.0	161.3
May	161.7	162.5	162.5	161.0
July	161.1	162.5	162.0	160.8
Aug	160.5	162.2	162.0	160.5
Sept	160.6	161.8	162.0	160.4
Oct	159.0	—	159.0	159.0
Dec	159.0	—	159.0	159.0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Prev	High	Low
Oct	16.67	16.43	16.75	16.56
Dec	17.06	16.90	17.15	16.92
Jan	17.21	17.00	17.25	17.09
May	16.67	17.51	17.65	17.65
July	17.90	17.70	17.99	17.85
Aug	17.90	17.77	17.90	17.90
Sept	17.95	17.75	18.00	17.91
Oct	17.77	17.77	17.65	17.90

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Dec	294.4	292.4	295.2	292.6
Mar	301.6	300.2	302.4	300.2
May	293.2	293.0	295.0	293.0
July	276.2	275.2	278.0	276.6
Sept	278.2	277.2	—	—

SPOT PRICES: Chicago loose lard 15.00 (16.00) cents per pound. Handy and Harman silver bullion 762.0 (770.5) cents per troy ounce. New York tin 316-317 (same) cents per pound.

SOYABEAN MEAL

Easier cash and Chicago markets prompted commercial selling which pushed prices lower with professional short-covering the only positive feature, reports Muirpace.

	Yesterd'ys close	+ or −	Business done
	£ per tonne		
October	128.8-129.2	−1.55	129.5
Dec	129.7-129.5	−1.25	
Feb	130.5-130.5	−1.25	130.0
April	128.5-131.5	−1.30	—
June	125.5-128.5	−1.50	—
August	123.0-125.5	−1.25	—
October	125.8-128.8	−1.25	—

Sales: 226 (200) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $157.20 (£96.20) down $1.20 (down 29p) a tonne for October-November delivery. White sugar $183.00, down 80c.

PARIS—Whites (FFr per tonne): Dec 1112-1119, March 1153-1156, May 1181-1185, Aug 1200-1215, Oct 1227-1236, Dec 1255-1266.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct	141.8-141.6	139.8-139.9	141.8-139.8
Dec	149.2-150.0	146.8-147.0	145.0-144.0
Mar	153.8-153.6	155.2-155.4	150.0-154.6
May	164.0-164.8	165.4-165.8	165.4-165.8
Aug	155.8-156.8	155.8-164.2	165.6-164.2
Oct	171.2-172.6	167.8-168.4	169.8-168.8
Dec	174.6-177.0	171.2-175.0	—
No. 5 Whites			
Dec	186.5-186.8	182.2-183.0	184.2-182.8
Mar	191.5-192.6	189.5-189.0	191.2-189.8
May	194.8-196.5	192.5-195.2	196.2-195.5
Aug	193.0	197.8-198.0	198.0
Oct	203.8-206.8	200.5-201.8	203.8-201.4
Dec	204.8-210.0	204.8-205.8	
Mar	208.8-215.0	208.8-211.0	—

Sales: No. 6 2,845 (2,433) lots of 50 tonnes; No. 5 1,669 (1,373).

Tate and Lyle delivery price for granulated basis sugar was £200.50 (£201.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean port). Prices for September 24: Daily price 5.85 (5.91); 15-day average 5.82 (5.79).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.09p per kg lw (−0.87). GB—Sheep 160.35p per kg est dcw (+0.76). GB Pigs 71.12p per kg lw (−2.84).

FUTURES—Live cattle: Oct 97.00. Sales: 11.

NEW YORK

WALL STREET

Easier in narrow trading

STOCK PRICES retreated slightly on Wall Street yesterday, but remained within a very narrow trading range.

By 1 pm the Dow Jones Industrial Average was off 4.57 to 2,561.85, while the NYSE All Common index shed 18 cents to 178.68. Declines led advances by a seven-to-five majority in a volume of 105.98m (122.50m) shares.

Activity was sluggish with investors hesitant to add to their positons ahead of this weekend's international economic meetings and quiet partly due to a Jewish Holy Day.

The weekend economic meetings by G-7 natons were expected to keep a steady target for the dollar.

Treasury prices and the dollar were slightly higher.

Active early issues showed slim moves with Nynex most active and unchanged at $74¾, Bell Atlantic off $⅛ at $76⅛ and ATT down $⅛ at $33⅛. Bellwether IBM gained $⅝ to $156¼.

Auto stocks fell sharply due to analyst opinions. Ford fell $3⅛ to $97⅞, Chrysler $2 to $41, and General Motors $1¼ to $83⅝. Two analysts removed autos from their buy list following the 40 per cent sales decline reported earlier this week.

Irving Bank jumped $24¼ to $77½—the Bank of New York filed for an exchange offer to acquire Irving for cash and stock. It would pay $80 cash per share for 47.4 per cent of Irving's stock.

THE AMERICAN SE Market Value share *index rose 0.30 to* 354.18 in a volume of 6.45m shares.

CANADA

Stocks posted declines at midday, as falling Golds, Mines and Industrials outweighed a small rise in the Energy sector.

The Toronto Composite index fell 20.40 to 3,917.90.

Gold issues were tugged down by lower bullion prices.

Cominco rose $⅝ to $21¾ on partial gold assay results from its Buckhorn gold property in Nevada.

Shell Canada shed $¼ to $44⅛—it raised its posted prices for crude oil by 31 Canadian cents a barrel.

TOKYO

Higher as investors, shrugged off Wall Street's overnight decline and news of higher interest rates, bought in anticipation of Saturday's start of trading in the new *financial* years.

The Nikkei Dow Market Average rose 150.98 to 25,095.86, its first close above 25,000 in 11 sessions. The broader market showed signs of weakness, however, as declines led advances by five-to-four and turnover eased to 900m (1.6bn) shares.

The broad-based first section index rose a further 13.65 to 2,062.10. The second section index declined 11.21 to 2,636.27.

Buying centered on Financial, Heavy Electrical and High Technology issues. "It was quite decent, powerful buying," one broker said.

Brokers expected the session to be bullish as investors bought in anticipation of Saturday's start of *trading for settlement* in October, the beginning of securities houses' new financial years.

A broker for a major Japanese securities house said Bank shares rose because higher interest rates would attract more assets to investment funds run by banks.

But a foreign broker said that, overall, higher interest rates were a negative factor for banks.

"Institutions bought banks because yesterday was the last day of trading for September settlement. They wanted to boost the evaluation of their funds," he said.

Domestic demand-related Warehouse, transport, Real Estate, Construction and Food shares also rose.

Communications, Oil, Rubber, Shipping and Gas shares declined. Steel, Shipbuilding, Electric Power, Chemical and other large capital shares declined on profit-taking after recent gains.

HONG KONG

Further gains were scored and the Hang Seng index rose 71.69 to a new peak of 3840.11. Turnover was also at a record HK$3.45bn (HK$3.31bn).

Brokers said they expect the Hang Seng index to challenge the key level of 4,000 next month, when the Hong Kong Stock Exchange holds an exhibition in the US.

Jardine Matheson put on 20 cents to HK$22.80 on an 82 per cent interim profit growth to HK$325m, plus a higher interim dividend of 12.5 cents (7 cents).

Hongkong Land gained 10 cents to HK$8.60 but Jardine Strategic were off 10 cents to HK$14.30.

The banking sector *led rises*, with Hang Seng gaining HK$3 to 49.25, Bank of East Asia HK$1.50 to 35 and Hongkong Bank 40 cents to HK$10.90.

Henderson Land topped the active list, rising 35 cents to HK$7.85.

SINGAPORE

Generally higher on some bargain bunting and short-covering in quiet trading. The Straits Times Industrial index rose 11.06 to 1,381.67.

Selected Blue Chips and "quality" stocks showed double-digit gains although closed below the best on late profit-taking.

The market's direction remained uncertain due to lack of fresh factors, and most foreign institutions refrained from adopting new positions. Turnover 19.9m (19.6m) shares.

Jurong Shipyard led the actives on 1.3m shares and rose 6 cents to $S2.85. Malaysia Mining also put on 6 cents to $S2.89 on 870,000 shares.

Singapore Bus Service lost 12 cents to $S3.96, despite its higher interim results. Jurong Engineering shed 10 cents to $S53.88 on lower half year profits.

Plantations improved on firmer rubber and palm oil prices.

AUSTRALIA

Quietly higher in lacklustre trading centering on selected heavyweight stocks.

Brokers said options-related trading again dominated the session, with the heaviest turnover in mining stocks. "Quality" Industrials also came under cautious buying pressure, especially Food, Insurance and Merchants.

The All Ordinaries index was 4.9 higher at 2,282.7, the All Industrials index 6.9 to 3,366.1, the Gold index 14.7 to 4,007.5 and the *All Resources index 3.2 to* 1,451.0.

Turnover 178.30m shares worth $A530.11m. Rises outnumbered falls by six-to-five.

Goodman Fielder jumped 20 cents to $A5.30 following its solid profit result, pulling the food sub-index up 72.1 to 4,857.6. But 10-cent falls took Arnotts and Petersville Sleigh to $A5.20 and $A3.00 respectively.

Bankings were higher.

IEL fell 36 cents to $A6.30 on news it will issue further shares.

Gold-related stocks enjoyed patchy attention despite steady bullion prices.

CSR, steady at $A4.70, had the highest turnover with 22.57m shares worth $A94.63m traded as investrs exercised options.

GERMANY

West German shares easier as despondent traders wearied of waiting for foreign investor demand and decided to take profits before the weekend.

Spirits rose in stable pre-Bourse trading but fell again during the official session as nervous foreign investors remained on the sidelines.

To add to the gloom, Uwe Barschel, *Premier* of the West German State of Schleswig-Holstein and member of the ruling Coalition party in Bonn, resigned,

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

Indices

NEW YORK

DOW JONES

	Sept. 24	Sept. 23	Sept. 22	Sept. 21	1987 High	1987 Low	Since compilation High	Since compilation Low
‡Industrials	2566.42	2585.67	2568.05	2592.82	2722.42 (25/8)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	84.13	84.16	84.09	84.13	95.31 (9/2)	84.09 (22/9)	(—)	(—)
Transport	1027.79	1025.16	1013.83	1005.80	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	196.18	197.25	198.44	193.10	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

‡Day's High 2603.95 (2602.15) Low 2552.06 (2554.83)

STANDARD AND POOR'S

	Sept. 24	Sept. 23	Sept. 22	Sept. 21	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	319.72	321.19	319.50	310.54	336.77 (25/8)	246.45 (2/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	373.78	375.29	373.14	362.36	393.17 (25/8)	274.58 (2/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	29.74	29.97	30.05	29.74	32.43 (25/8)	25.97 (29/5)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	178.86	179.53	178.48	174.25	187.99 (25/8)	141.01 (2/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	353.88	353.31	351.33	349.75	365.01 (13/8)	267.49 (2/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	441.24	440.70	437.90	436.01	455.28 (26/8)	353.26 (2/1)	455.28 (26/8/87)	54.87 (3/10/72)

	Sept. 18	Sept. 11	Aug. 28	year ago (approx.)
Dow Industrial Div. Yield	2.75	2.63	2.59	3.88
	Sept. 23	Sept. 16	Sept. 9	year ago (approx.)
S and P Industrial Div. Yield	2.32	2.36	2.36	3.09
S and P P/E ratio	23.17	22.71	22.64	16.89

TRADING ACTIVITY † Volume

Millions	Sept. 24	Sept. 23	Sept. 22
New York	162.150	220.280	209.510
Amex	8.975	12.037	12.809
OTC	121.219	168.307	157.195

NEW YORK	Sept. 24	Sept. 23	Sept. 22
Issues Traded	1,976	1,991	2,011
Rises	715	993	1,055
Falls	830	591	554
Unchanged	431	407	402
New Highs	56	55	31
New Lows	58	59	75

CANADA

TORONTO

	Sept. 24	Sept. 23	Sept. 22	Sept. 21	1987 High	1987 Low
Metals & Minerals	3426.7	3349.0	3312.0	3291.7	3483.6 (4/8)	1988.2 (2/1)
Composite	3938.3	3919.5	3891.9	3886.5	4112.9 (13/8)	3067.8 (2/1)
MONTREAL Portfolio	1956.84	1952.91	1939.30	1927.80	2224.77 (16/7)	1534.3 (2/1)

	Sep. 25	Sep. 24	Sep. 23	Sep. 22	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2282.7	2277.8	2271.0	2291.8	2305.9 (21/9)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1443.2	1441.5	1439.2	1451.3	1462.4 (21/9)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	225.83	228.39	228.06	232.19	232.19 (22/9)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/80)	5146.45	5154.70	5240.50	5285.04	5425.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	207.24	207.67	208.88	229.76 (27/8)	189.64 (6/1)
FINLAND						
Unitas General (1975)	644.2	643.4	647.5	647.4	658.6 (21/9)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	419.0	423.9	428.5	422.1	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	108.8	109.9	111.3	109.7	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	637.34	639.02	643.95	638.39	676.84 (6/1)	538.52 (19/3)
Commerzbank (1/12/53)	1959.2	1964.5	1982.2	1963.6	2061.10 (17/8)	1685.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3840.11	3768.42	3765.11	3695.53	3840.11 (25/9)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	635.71	627.48	625.41	620.02	767.34 (30/4)	580.88 (15/9)
JAPAN**						
Nikkei (16/5/49)	25095.8	24944.9	(c)	24866.1	26118.42 (1/9)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2062.10	2048.45	(c)	2059.80	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	308.3	308.1	312.5	305.3	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	257.2	258.2	259.6	256.0	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	569.35	569.07	585.36	587.98	592.04 (21/9)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1381.6	1370.61	1366.78	1366.09	1505.40 (26/8)	880.88 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	2302.0	2267.0	2266.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	—	2237.0	2215.0	2207.0	2337.0 (24/9)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	309.82	310.32	309.94	310.86	321.26 (12/9)	202.89 (6/5)
SWEDEN						
Jacobson & P. (31/12/56)	3085.9	3095.0	3118.80	3079.70	3134.30 (14/9)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	709.4	708.1	710.4	706.0	710.4 (23/9)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	—	479.5	480.3	478.8	495.90 (22/8)	361.3 (2/1)

**Saturday September 19: Japan Nikkei (c), TSE (c)

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Union Tex	4,194,800	14½	—
Mfrs Hanover	3,399,900	39⅝	−⅛
P Svc Col	3,056,700	20¾	−¼
AT&T	2,677,000	33⅛xd	−⅛
Comw Edison	2,607,000	31⅛xd	−⅞

	Stocks traded	Closing Price	Change on day
Anheuser	2,518,500	37⅛	—
Dreyfus St	2,311,200	9¾	—
IBM	2,066,700	150	4¾
Reebok	1,491,900	15⅝	−1½
Nynex	1,418,100	74¾xd	−1

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar and pound quiet

THE DOLLAR showed little overall change in quiet pre-weekend trading yesterday. Speculators were not interested in opening positions ahead of meetings by IMF and G7 officials.

Most dealers expected little more than reaffirmation that the Louvre accord of February this year still stood and that central banks would strive to achieve dollar stability. However there was speculation that current target ranges for the dollar would be adjusted downwards and this left traders a little cautious.

In view of the lack of consensus, most people were happy to square their books early and make an early start to the weekend. The dollar closed at DM1.8205 against the D-Mark, barely changed from DM 1.8210 on Thursday. It was little different against the yen at Y143.65 compared with Y143.70 and finished elsewhere at FFr 6.0700 from FFr 6.0725 and SFr 1.5110, unchanged from Thursday. On Bank of England figures, the dollar's exchange rate index was unchanged at 101.2.

Despite the dollar's underlying bearish trend, traders took heart from a narrowing in the West German trade surplus, following closely on the heels of a narrower Japanese surplus.

Sterling remained remarkably calm after the traumatic trade figures announced on Thursday. Its exchange rate index finished at 73.0, unchanged from the opening and up from the previous close of 72.9.

Some investors were less inclined to make judgments on one set of statistics while others were of the opinion that reaction if any, from the authorities would point towards higher interest rates.

The pound closed at DM 2.9900 up from DM 2.9825 and $1.6425 compared with $1.6375. It was also higher against the yen at Y236.0 from Y235.25 and finished elsewhere at SFr 2.4825 from SFr 2.4750 and FFr 9.97 against FFr 9.9450.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7680. August average 1.8573. Exchange rate index 146.4 against 147.0 six months ago.

There was little activity in Frankfurt ahead of the weekend. The dollar closed at DM 1.8200 from DM 1.8195 on Thursday. There seemed to be little reaction to West German trade figures which showed a narrowing of the trade surplus. Most traders were waiting until after the weekend G7 and IMF meetings before making any decisions.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 221.8 against 214.3 six months ago.

Trading was subdued in Tokyo yesterday with a little short covering boosting the dollar ahead of the IMF and G7 meetings at the weekend. The US unit closed at Y143.80 from Y143.35 in New York and Y143.75 in Tokyo on Thursday.

Underlying dollar sentiment remained bearish despite reports that finance ministers would be keen to see the dollar stabilise at around current levels, and profit taking quickly developed as it moved up towards the Y144.0 level.

£ IN NEW YORK

Sept. 25	Latest	Previous Close
£ Spot	1.6415-1.6425	1.6445-1.6450
1 month	0.30-0.29pm	0.30-0.29pm
3 months	0.93-0.90pm	0.93-0.90pm
12 months	2.78-2.68pm	2.78-2.68pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 25	Previous
8.30 am	73.0	73.2
9.00 am	73.0	73.2
10.00 am	72.9	73.2
11.00 am	73.0	73.2
Noon	73.0	72.7
1.00 pm	73.0	72.8
2.00 pm	72.9	72.8
3.00 pm	73.0	72.9
4.00 pm	73.03	72.9

POUND SPOT—FORWARD AGAINST THE POUND

Sept 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6345-1.6430	1.6420-1.6430	0.33-0.30 cpm	2.30	0.98-0.93 pm	2.33
Canada	2.1509-2.1580	2.1570-2.1580	0.16-0.06 c pm	0.61	0.33-0.20 pm	0.49
Netherlands	3.35½-3.37	3.36-3.37	1½-1¼ c pm	4.90	4-3¾ pm	4.61
Belgium	61.83-62.12	61.95-62.05	21-17 c pm	3.68	57-51 pm	3.48
Denmark	11.47-11.50¼	11.49¾-11.50¾	¾ pm-⅛ ore dis	-0.26	¼ pm-½ dis	-0.13
Ireland	1.1110-1.1160	1.1140-1.1150	0.15-0.09c pm	1.29	0.46-0.30 pm	1.36
W. Germany	2.98-2.99½	2.98½-2.99½	1⅝-1½ pf pm	6.02	4½-4¼ pm	5.85
Portugal	234.49-236.10	235.13-236.10	49-103 c dis	-3.87	253-343 dis	-5.06
Spain	198.96-199.79	199.50-199.79	34-62 c dis	-2.58	173-209 dis	-3.83
Italy	2149½-2160½	2157½-2158½	2-6 lire dis	-2.22	12-16 dis	-2.59
Norway	10.91¼-10.95¼	10.93¾-10.94¾	3½-3⅞ ore dis	-3.98	9⅞-10½ dis	-3.72
France	9.93½-9.97¼	9.96½-9.97½	2¼-1¾ c pm	2.26	5¼-4⅞ pm	1.91
Sweden	10.46¼-10.50	10.49-10.50	⅞-⅜ ore pm	0.71	1½-1 pm	0.50
Japan	235¼-236½	235½-236½	1¼-1 y pm	5.72	3½-3 pm	5.40
Austria	20.98-21.05	21.02-21.05	10⅞-9½ gro pm	5.56	29-27 pm	5.32
Switzerland	2.47-2.48¼	2.47¾-2.48¾	1⅜-1¼ c pm	6.04	4-3¾ pm	6.34

Belgian rate is for convertible francs. Financial franc 62.10-62.20. Six-month forward dollar 1.80-1.75 c pm. 12-month 2.80-2.70 pm.

CURRENCY RATES

Sept. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.788521	0.696255
U.S. Dollar	5.5	1.28726	1.13907
Canadian $	8.75	*	1.49617
Austrian Sch.	4	16.4718	14.6120
Belgian Franc	7¾	48.6198	43.0855
Danish Krone	7	8.99988	7.98946
Deutsche Mark	3.0	2.34487	2.07596
Neth. Guilder	4½	2.63566	2.33647
French Franc	9½	7.80981	6.92101
Italian Lira	12	N/A	1498.17
Japanese Yen	2½	185.108	163.970
Norway Krone	8	8.56672	7.59022
Spanish Peseta	—	156.402	138.409
Swedish Krona	7½	N/A	7.28438
Swiss Franc	3.5	N/A	1.72228
Greek Drach.	20½	178.923	158.684
Irish Punt	—	N/A	0.774722

*C$/SDR rate for Sept. 24; 1.69403

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6345-1.6430	1.6420-1.6430	0.33-0.30c pm	2.30	0.98-0.93pm	2.33
Ireland†	1.4692-1.4720	1.4705-1.4715	0.09-0.04c pm	0.53	0.40-0.30pm	0.95
Canada	1.3115-1.3158	1.3115-1.3125	0.17-0.20c dis	-1.69	0.61-0.64 dis	-1.90
Netherlands	2.0475-2.0520	2.0485-2.0495	0.44-0.41c pm	2.49	1.23-1.18pm	2.35
Belgium	37.70-37.83	37.70-37.80	4.50-3.50c pm	1.27	12.00-10.00pm	1.16
Denmark	6.99⅞-7.01½	7.00-7.00½	0.60-1.30ore dis	-1.63	2.55-3.25 dis	-1.66
W. Germany	1.8175-1.8260	1.8200-1.8210	0.56-0.53pf pm	3.59	1.64-1.59pm	3.55
Portugal	143½-143¾	143½-143¾	50-150c dis	-8.37	225-425 dis	-9.07
Spain	121.30-121.75	121.45-121.55	25-40c dis	-3.21	140-170 dis	-5.10
Italy	1313-1316	1313¼-1314¼	4.20-6.70lire dis	-4.52	15.2-17.0 dis	-4.90
Norway	6.66-6.67½	6.66-6.66½	3.35-3.70ore dis	-6.34	9.95-10.35dis	-6.09
France	6.06½-6.07¼	6.06¾-6.07¼	0.07-0.17c dis	-0.24	0.55-0.85 dis	-0.46
Sweden	6.38¾-6.39¼	6.38¾-6.39¼	0.75-1.05 ore dis	-1.69	2.75-3.15 dis	-1.85
Japan	143.45-144.00	143.60-143.70	0.39-0.36y pm	3.13	1.14-1.09 pm	3.10
Austria	12.80¼-12.83	12.82-12.82½	4.00-3.00gro pm	3.28	11.00-9.00pm	3.12
Switzerland	1.5075-1.5125	1.5105-1.5115	0.48-0.44c pm	3.65	1.48-1.43 pm	3.85

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.95-38.05

CURRENCY MOVEMENTS

Sept. 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.0	-20.5
U.S. Dollar	101.2	-5.9
Canadian Dollar	78.8	-9.7
Austrian Schilling	137.1	+10.1
Belgian Franc	99.7	-4.7
Danish Krone	90.9	+1.1
Deutsche Mark	146.4	+21.4
Swiss Franc	172.0	+22.4
Guilder	134.7	+14.5
French Franc	71.4	-13.0
Lira	47.2	-18.2
Yen	221.8	+65.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Sept. 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¼-9⅞	10⅛-9⅞	10⅛-9⅞	10¼-10⅛	10⅝-10½	10⅝-10½
U.S. Dollar	7⅛-6⅞	7⅝-7½	7⅝-7½	7⅞-7⅝	8⅝-8½	8¾-8⅝
Can. Dollar	8⅞-8⅝	8⅞-8⅝	9¼-8⅞	9⅞-9⅝	10⅛-9⅞	10⅜-10⅛
D. Guilder	4⅝-4½	5¼-5⅛	5¼-5⅛	5⅜-5¼	5⅝-5½	5⅞-5¾
Sw. Franc	⅞-⅝	3⅛-2⅞	3⅞-3⅝	3⅞-3⅝	4⅛-4	4⅜-4¼
Deutschmark	3⅝-3½	4⅛-3⅞	4⅛-3⅞	4⅜-4	4⅝-4½	4⅝-4½
Fr. Franc	8-7¾	8-7¾	7⅞-7⅝	8⅛-8	8⅝-8⅜	9⅛-9
Italian Lira	11-10	11-9⅞	12⅛-11⅝	12⅛-12⅝	13¼-12¾	13¼-12⅝
B. Fr. (Fin.)	6½-6¼	6⅝-6⅜	6½-6⅜	6⅝-6½	7-6⅞	7¼-7⅛
B. Fr. (Con.)	6½-6	6⅞-6⅝	6½-6	6⅝-6¼	7-6⅞	7⅜-7
Yen	4-3⅞	5⅛-5	4⅝-4½	4⅝-4½	4¾-4⅝	4⅞-4⅝
D. Krone	9⅝-9⅛	10-9⅝	10⅛-9⅝	10-9⅝	10½-10	10¾-10½
Asian S$ing	7½-7¼	7⅞-7⅝	7⅝-7½	7⅝-7½	8⅛-8⅛	8⅞-8⅝

Long-term Eurodollars: Two years 9⅛-9⅝ per cent; three years 9½-9⅝ per cent; four years 9¾-10 per cent; five years 9⅞-9½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

Correction for 24 Sept.: Three months French Franc 8⅞-7⅞.

OTHER CURRENCIES

Sept. 25	£	$
Argentina	4.1775-4.1950	2.5480-2.5580
Australia	2.2595-2.2625	1.3805-1.3815
Brazil	82.6995-83.1380	50.4420-50.6940
Finland	7.1885-7.2010	4.3840-4.3860
Greece	226.15-230.05	138.10-140.40
Hong Kong	12.7500-12.8000	7.8050-7.8080
Iran	117.55*	71.35*
Korea(Sth)	1317.75-1329.65	802.60-809.20
Kuwait	0.46050-0.46120	0.28115-0.28125
Luxembourg	61.95-62.05	37.70-37.80
Malaysia	4.1200-4.1400	2.5215-2.5225
Mexico	2549.40-2551.85	1555.00-1556.00
N. Zealand	2.5470-2.5520	1.5540-1.5555
Saudi Ar.	6.1460-6.1515	3.7500-3.7510
Singapore	3.4250-3.4400	2.0905-2.0915
S. Af. (Cm)	3.3550-3.3745	2.0545-2.0590
S. Af. (Fn)	5.3300-5.5095	3.2520-3.3615
Taiwan	49.25-49.50	30.05-30.15
U.A.E.	6.0190-6.0245	3.6725-3.6735

*Selling rate.

EXCHANGE CROSS RATES

Sept. 25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.643	2.990	236.0	9.970	2.483	3.365	2158.	2.158	62.00
$	0.609	1.	1.821	143.7	6.070	1.511	2.049	1314.	1.314	37.75
DM	0.334	0.549	1.	78.93	3.334	0.830	1.125	721.7	0.722	20.74
YEN	4.237	6.960	12.67	1000.	42.25	10.52	14.26	9144.	9.142	262.7
F Fr.	1.003	1.647	2.999	236.7	10.	2.490	3.375	2164.	2.164	62.19
S Fr.	0.403	0.662	1.204	95.07	4.016	1.	1.355	869.3	0.869	24.97
H Fl.	0.297	0.488	0.889	70.13	2.963	0.738	1.	641.3	0.641	18.42
Lira	0.463	0.761	1.386	109.4	4.620	1.150	1.559	1000.	1.000	28.73
C $	0.463	0.761	1.386	109.4	4.621	1.151	1.560	1000.	1.	28.74
B Fr.	1.613	2.649	4.823	380.6	16.08	4.004	5.427	3481.	3.480	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Uneasy calm prevails

TRADING STARTED on a relatively calm note in London yesterday considering the shock administered by Thursday's trade figures. However, longer term rates were marked up as traders saw increased possibilities of higher base rates to counter consumer demand and rising imports.

Three-month interbank money was quoted at 10¼-10⅛ per cent compared with 10⅛-9⅞ per cent and spent most of the morning at 10¼-10 per cent. Rates touched a high of 10½ per cent before slipping away to 8 per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a shortage of £700m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £637m and a rise inthe note circulation of £280m. These were partly offset by banks' balances brought forward £200m above target.

The forecast was revised to a shortage of around £800m and the Bank gave assistance in the morning of £11m through outright purchases of eligible bank bills in band 1 at 9⅞ per cent.

During the afternoon the Bank gave additional assistance of £414m which comprised outright purchases of £10m of Treasury bills, £17m of local authority bills and £373m of eligible bank bills in band 1 at 9⅞ per cent and in band 2 £14m of eligible bank bills at 9⅞ per cent. Late help came to £190m, making a total of £615m. Uncertainty over the authorities' ability to avoid another rise in base rates was reflected in the average rate of discount at the weekly Treasury bills tender which rose to 9.7727 per cent from 9.5084 per cent. The £200m of bills on offer attracted bids of £1,1134m compared with £1,383m for a similar amount the week before

The minimum accepted bid for 91-day bills was £97.56 compared with £97.60 and bids at that level were met as to abot 59 per cent and above in full.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept.25) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅞	offer 7⅞	bid 8	offer 8⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

September 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50–3.60	3.80-3.95	3.80-3.95	3.85-4.00	4.30-4.45	5.0
Paris	8-8⅛	7⅞-7⅞	7⅞-7⅞	7⅞-8	8⅞-8⅞	7½
Zurich	⅞-1⅛	3½-3⅝	—	3⅞-3⅝	—	—
Amsterdam	4⅜-4⅞	5⅛-5⅛	—	5⅛-5⅛	—	—
Tokyo	3.53125	3.84375	—	3.84375	—	—
Milan	11⅛-12⅛	12⅛-12⅞	—	12½-13	—	—
Brussels	6.35	6⅝-6½	—	6½-6⅝	—	—
Dublin	8⅛-8⅞	8⅝-8⅞	8⅞-9	8⅞-9⅛	9⅛-9⅞	—

LONDON MONEY RATES

Sept. 25	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-9	10⅛-9⅞	10-9⅞	10¼-10⅛	10⅝-10⅜	10⅝-10½
Sterling CDs	—	—	9⅞-9⅞	10⅛-10	10⅜-10⅛	10⅝-10⅜
Local Auth'rity Deps.	9⅞	9⅞	9⅞	10⅛	10⅜	10½
Local Authority Bonds	—	—	9⅞	10	10¼	10½
Discount Mkt Deps.	10-9	9⅞	9⅞	9⅞	—	—
Company Deposits	10	10	10⅛-10	10⅛	10⅜	10⅝
Finance House Deposits	—	—	10	10⅛	10⅜	10⅝
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	10⅜	—
Dollar CDs	—	—	7.55-7.50	7.65-7.70	8.05-8	8.60-8.55
SDR Linked Deposits	—	—	6⅛-6⅛	6⅛-6⅛	6⅞-6⅞	7⅛-7⅛
ECU Linked Deposits	—	—	7-6⅞	7⅛-7	7⅛-7⅛	7⅞-7⅝

Treasury Bills (sell); one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7727 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987; Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8⅞ per cent; three-six months 10 per cent; six-nine months 10⅛ per cent; nine-12 months 10⅞ per cent; Under £100,000 8 per cent from September 15. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Economic fears recede and markets rebound

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* New time dealings may take place from 9.00 am two business days earlier.

The calm reaction of the authorities to last month's record current account shortfall confounded economists and restored confidence to UK financnal markets. Official views that the trade figures were no cause for concern, and the deficit easily financeable, allayed fears that the fiscal year loss would exceed the Chancellor's estimate.

This almost complacent approach prompted comparisons with last year when a large August deficit was followed the next month by a marked improvement; the September returns this year are due a week before the big British Petroleum share issue.

Leading shares yesterday established a rising pattern from the opening, taking their guide from the foreign exchange market. Sterling again showed no ill-effects, and gained ground on other leading currencies. An easier tendency on Wall Street overnight and the final day's celebration of the Jewish holiday imparted little restraint.

Smaller investors were the first to take advantage of the lower prices resulting from Thursday's sharp shake-out. The lack of fresh selling brought a change of tack from marketmakers, adding momentum to the rise, which continued beyond the official 3.30 pm close.

The UK institutions were encouraged to participate, although many fund managers were earlier advising a cautious approach to the market. Overseas houses also refrained from joining the play—part from Salomon Bros, which displayed a specialist interest in Fisons.

Unpenalised support for the trading Account starting on Monday swept the equity indices still higher later and the FT-SE 100 share settled at the session's best. It closed 29.2 up at 2,342.6 for a gain on the week of 14.3, despite Thursday's ghastly economic numbers. The FT Ordinary share index rebounded yesterday to 1,831.6, up 19.7.

The Gilt-edged market also expressed a sense of relief but then began to fuss over congestion in the system, liquidity problems and worries about the losses being carried by many houses. Early gains were lost and the market looked to be heading for a dull close when it brightened later. Bear-covering ahead of the G7 meeting in Washington this weekend was a factor.

Retail investors were unimpressed with yields in excess of 10 per cent and were rather sceptical of the authorities' attitude towards future funding in the aftermath of this week's long bond auction which has left many traders with unwanted stock. Longer Gilts finally ended ½ higher on the day.

There was little reaction by British Petroleum shares to the publication of the pathfinder prospectus on the Government's sale of its remaining 31.5 per cent stake and BP's sale of a further £1.5bn worth of shares. The share price moved up 5½ to 374p after a relatively modest turnover of 4.8m shares.

Commenting on the prospectus Philip Lambert, oil analyst at securities house Kleinwort Benson, said the company's forecast of historical net profits of £1,450m for 1987, based on an oil price of $18.50 a barrel was in line with expectations but that the dividend forecast, 12.5p a share, was slightly below forecasts.

Elements of doubt as to whether Cable & Wireless will be granted a licence to enter the Japanese telecommunications market saw C & W shares dip back to 467p before strong support boosted them to 485p—a net gain of 15.

Over the week Cable shares have risen some 38 after it was announced that the company intends to re-structure its 80 per cent-owned subsidiaries Hong Kong Telephone and Cable & Wireless Hong Kong, and reduce its stake in the merged company.

Mountleigh's decision to drop its courtship of Sir Terence Conran's Storehouse aroused speculation over a destination for the reported £2bn credit line arranged recently by Tony Clegg's property company; numerous targets were suggested, but the bullseye for investors was clearly Trafalgar House, the industrial-to-shipping combine headed by Sir Nigel Broackes. The shares rose 20 to 405p as 5.8m shares changed hands.

Investment speculation in Trafalgar House was heightened by an active business in the traded option market as operators hastened to cover existing positions in the underlying share market. Vague talk of possible hiving off of the Cunard shipping line was greeted with scepticism

Fisons attr l good support following a Salomon Brothers recommendation. The US house reckons that the recent decline in the price represents an ideal buying opportunity and expects the shares to outper. rm the FT Actuaries All-Share index in the next six—12 months. Pharmaceutical analyst, Steve Flag, thinks that the company's new anti-ulcer and cardiovascular drugs in development have considerable potential.

Life assurance group Equity & Law jumped 16 to 430p, having touched 431p at one point, as the French financial services group Compagnie du Midi unveiled an increased and recommended offer for E & L worth some 446p a share, worth some £440m.

Compagnie du Midi's first offer was 400p a share, topping the 365p a share bid from Ron Brierley's BIL, which holds a near-30 per cent stake in E & L. But traders were divided over whether Brierley would accept the latest offer from Compagnie du Midi, thereby realising a substantial profit of around £40m, or launch another bid for the group.

Bank of Scotland were an outstanding performer in the major banks, the shares moving up 20 to 618p following numerous brokers' recommendations in the wake of the excellent interim results announced in mid-week. Lloyds Bank added 9 at 383p amid vague talk of a stake-building operation in progress, while NatWest, boosted by a switch from Barclays, added 7 at 755p. Activity in Midland, the sector's star during the past couple of weeks amid stories that Hanson has upped its stake to around 10 per cent and that another possible predator has acquired a neat 4 per cent stake, was again at a low level and Midland were little changed at 553p. Merchant banks were erratic. Hill Samuel jumped late in the session to close 18 up at 665p on new time buying prompted by stories that two major parts of the band—Corporate Finance and Wood Mackenzie—are about to be sold. S. G. Warburg added 6 more to 502p and Brown Shipley—in a thin market—jumped 20 to 603p, but Kleinwort Benson dropped 10 to 564p on profit-taking. Henry Ansbacher edged up 1p to 105 despite talk of a substantial rights issue next week. FNFC, the subject of bid speculation all week, gained 8 to 325p.

The latest move for Equity & Law encouraged good support for other lifes, although most closed off the top. Legal & General featured with a 13 jump to 300p after news of its sale of a 45 per cent stake in Aegis Insurance of South Africa for £2.75m in cash.

Breweries staged a useful rally to finish around the day's best levels. Reduced prospects of tax increases on spirits in the US prompted support of Grand Metropolitan, 570p, Guinness, 365p, and Allied-Lyons, 430p, all a few pence dearer. In sharp contrast, Boddingtons dipped 3 to 135p reflecting disappointment with the interim results; the ex-property profits came well below maket estimates, and led analysts to downgrade their profit forecasts. Wood Mackenzie, for examle, described the out-turn as "very poor," and rate Boddington shares as a "sell." WM advised clients to concentrate their weighting in groups with "strong brands and good retailing operations" such as Wolverhampton and Dudley, and Marstons.

Leading Building issues, having held p fairly well on Thursday despite the dismal trade figures, managed modest progress. Favourable comment on the excellent results lifted RMC 15 to 499p, while buying in the wake of the group's proposed £150m M25 services complex helped Tarmac rise 9 to 301p. Demand, mainly emanating from one source, boosted BPB Industries 11 to 351p, while Redland picked up 3 at 505p. Elsewhere, Baldwin rose 13 to 208p in reply to the good preliminary figures, while Anglia Secured Homes, reporting soon, put on 14 to 489p, a two-day rise of 34. Polypipe encountered profit-taking and came back 21 to 393p.

ICI were a relatively quiet market and closed unchanged at £16, while Laporte, a firm market of late on takeover speculation and numerous brokers' recommendations, settled a shade lower at 568p. Coalite were actively traded and hardened a few pence to 419p, while Yule Catto added 5 to 628p following press comment. Coates Brothers rose 8 to 368p following the good interim results.

Leading electronics issues made good progress across the board. Amstrad, a firm market after the launch of its new personal computer this week were aggressively bought ahead of next Tuesday's interim results, and jumped 9½ to 195p.

Thorn EMI, after the £70m Ministry of Defence contract, added 9 at 697p with turnover expanding rapidly to 19m although one-trade of 6.5m was a mistaken input message. But other large blocks of Thorn were reported, one of 1.9m shares at 693p and one of 2m at 695p; a series of company presentations to analysts are scheduled to start this week. United Scientific, responding to a buy recommendation from Chase Manhattan Securities, were 13 firmer at 297p. Britannia Security, rated by Panmure Gordon a "strong buy," jumped 13 to 241p. Press comment helped AB Electronic add 16 to 486p.

The positive press response given to the 20 per cent interim profits advance announced by Vickers on Thursday led to a flurry of new time buying of Vickers shares which spurted 15 to 224p. Press suggestions of a possible takeover bid during the next account triggered demand for Howden, which moved up 5 to 128p. Renishaw, scheduled to reveal preliminary figures on Wednesday, added 12 more at 275p. Acquisition news prompted a further bout of buying interest in Triplex which put on 9 to 207p. The Shell contract boosted Matthew Hall 8 to 237p.

Leading Foods showed little alteration overall, but Ranks Hovis McDougall moved up 5 to 343p on reports of a forthcoming broker's visit. Dalgety slipped 3 to 375p, but Hazlewood found support at 303p, up 9. Among Retailers, Bejam gained 5 more to 257p on takeover hopes before easing back to close 5 off at 247p; on Thursday, French supermarket group Carrefour were mentioned as a possible preditor although Iceland Frozen Foods and Hazlewood Foods have been talked of as the likely suitors in recent months. Recently-dull Dalepak rallied 8 to 148p and Freshbake picked up a similar amount at 168p.

Demand for the miscellaneous industrial leaders was selective. Beecham rose 10 to 585p and Boots firmed 9 to 303p. Glaxo were ¼ higher at £17⅝ and Pilkington 9 higher at 314p. Reed International, excited by confirmation that Mr Rupert Murdoch is a shareholder in the company—he is thought to have accumulated a stake of about 2½ per cent—were 18 higher at 570p. Traded option activity boosted Wellcome 32 to 569p, while Hepworth Ceramic gained 9 to 291p largely reflecting the efforts of a single buyer. Pearson, in which News Corporation this week increased its stake to 14.7 per cent, closed 5 higher at 915p, a rise of 124 over the five-day period.

Pineapple Group gained 13 to 109p in reply to the much improved preliminary figures, while Mecca firmed 8 to 230p following Press comment. Central TV rose 5 to 684p following satisfactory half-year figures, but TV-am encountered further profit-taking and shed 13 to 355p, a two-day fall of 37.

Despite a generally guarded Press response to the better-than-anticipated first-half figures, United Newspapers hardened 8 more to 613p. In contrast, Saatchi and Saatchi, a volatile market throughout the week, dipped another 10 to 550p—a decline of 40 over the five-day period; te loss of Mr Anthony Simonds-Gooding to British Satellite Broadcasting was still clearly upsetting sentiment, particularly as analysts are continuing to adopt a cautious outlook on the group's prospects in the wake of its attempts to expand into the financial sector. Carlton Communications advanced another 17 to 905p following news of the proposed acquisition of Zenith Productions from Central Television.

Properties staged a useful recovery, Land Securities rising 8 to 595p and MEPC adding 6 to 585p. Greycoat picked up 4 to 424p and Hammerson A edged up 2 to 655p. Elsewhere, Control Securities firmed 4 to 102p; the company had agreed to purchase from London and Edinburgh Trust a portfolio of seven freehold properties and three long lease properties for £60m to be satisfied by shares issued at 80p per share; LET will hold 5.85 per cent of the Control equity following the transaction. LET firmed 12 to 197p. Mountleigh attracted support in the wake of its abortive takeover approach to Storehouse and closed 8 higher at 285p. Helical Bar attracted strong demand on talk of an imminent announcement concerning a property development on Merseyside and rose 30 to 362p; the interim results are due next Tuesday.

Britoil, still responding to the buy recommendation from Wood Mackenzie who regard the company as a key stock at current levels added 6 at 332p. Premier, a strong performer in mid week after recommendations from Shearson Lehman and Wood Mackenzie, put on a penny to 70½p. Clyde, where Kleinwort Grieveson and Chase Manhattan Securities are keen on the stock, rose 11 to 137p.

Consolidated Gold Fields moved up ⅞ to £14¾ with dealers awaiting the next moves on the Newmont Mining/Ivanhoe Partners front.

FINANCIAL TIMES STOCK INDICES

	24	Sep. 23	Sep. 22	Sep. 21	Sep. 18	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.45	85.39	86.38	86.60	86.87	83.39	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.64	91.72	92.11	92.21	92.41	90.44	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1831.6	1811.9	1843.2	1831.8	1837.3	1238.4	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	467.1	456.7	451.7	447.7	438.3	328.3	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.19	3.27	3.17	3.19	3.19	4.46				
Earnings Yld.%(full)	7.81	8.00	7.76	7.81	7.82	10.26				
P/E Ratio (net) (*)	15.66	15.30	15.76	15.66	15.65	11.95				
SEAQ Bargains (5 pm)	47,178	39,901	38,460	35,829	41,348	—				
Equity Turnover (£m)	—	1,774.01	2710.82	2006.66	1564.57	796.28				
Equity Bargains	—	46,083	44,556	44,424	48,331	22,839				
Shares Traded (ml)	—	603.7	646.2	631.1	573.6	348.0				

S.E. ACTIVITY

Indices	Sep. 24	Sep. 23
Gilt Edged Bargains	129.5	136.5
Equity Bargains	298.6	288.7
Equity Value	3585.78	5479.28
5-Day Average		
Gilt Edged Bargains	133.3	134.1
Equity Bargains	294.4	285.9
Equity Value	40.20	4299.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1815.9	1818.0	1821.9	1821.6	1822.3	1822.7	1824.8	1829.7

Day's High 1831.7 Day's Low 1815.2. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. * Nil=15.41.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*431)	390	46	57	70	2	6	10
	420	23	36	50	9	18	23
	460	5	17	30	33	43	47
Brit. Airways (*212)	190	24	—	—	2	—	—
	200	17	28	32	6	12	17
	220	6	17	24	15	27	30
Brit. & Comm. (*320)	460	63	80	95	4	12	16
	500	33	53	70	10	22	30
	550	9	30	45	37	45	52
B.P. (*371)	330	46	59	65	2	8	15
	360	22	40	46	8	16	26
	390	6	24	33	25	33	41
Bass (*990)	950	60	88	113	15	40	50
	1000	25	58	88	33	63	75
	1050	10	43	65	75	90	100
Cons. Gold (*1433)	1400	73	155	190	50	85	120
	1450	50	130	170	85	115	150
	1500	33	105	150	125	150	190
	1550	25	85	135	165	190	230
Courtaulds (*531)	460	77	92	110	2	7½	12
	500	40	63	82	6	18	28
	550	13	37	56	28	38	48
Com. Union (*411)	330	84	95	103	1	4	5
	360	54	67	77	2	5	10
	390	28	44	56	5	14	17
	420	10	27	41	15	23	31
Cable & Wire (*484)	390	98	113	127	1	5	9
	420	70	90	107	2	8	15
	460	42	60	80	7	15	27
British Gas (*174)	165	12	22	—	2	6	—
	180	5	14	20	9½	14	17
	200	1	7	13	27	29	31
G.E.C. (*213)	200	18	27	34	3	9	12
	220	5½	16	23	14	17	22
	240	1½	10	17	29	31	32
G.K.N. (*407)	360	53	65	72	1½	9	12
	390	24	44	55	6	16	25
	420	9	28	39	21	28	39
Grand Met. (*569)	500	73	93	100	2	7	13
	550	33	55	65	11	25	30
	600	6	28	40	35	45	50
I.C.I. (*1604)	1500	120	170	195	6	28	45
	1550	80	135	160	17	43	62
	1600	45	105	127	37	62	82
Jaguar (*564)	500	70	90	105	1	11	28
	550	28	60	70	10	28	38
	600	4½	28	47	40	52	64
Land Securities (*595)	500	98	112	125	2	6	10
	550	50	72	85	4	18	22
	600	17	42	60	25	35	42
	650	4	20	38	60	68	72
Marks & Spen. (*236)	220	21	30	39	3	8	12
	240	9	20	28	11	17	22
	260	3	12	18	28	29	33
Britoil (*329)	300	36	53	62	3	13	21
	330	15	36	45	13	26	29
	360	5	20	31	34	39	45
Rolls-Royce	195	13	22	27	4	8½	13

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*360)	330	40	58	67	9	19	24
	360	23	39	50	19	27	36
	390	9	26	38	39	45	53
Plessey (*215)	180	39	45	52	1½	4	8
	200	23	31	37	6	10	15
	220	11	20	27	13	19	24
Prudential (*1040)	1000	67	102	120	25	40	55
	1050	40	75	905	50	62	77
	1100	20	52	—	85	90	—
P. & O. (*736)	650	52	77	—	12	20	—
	700	—	—	87	—	—	35
	750	20	45	62	40	46	60
Racal (*315)	280	40	52	64	5	13	17
	300	26	39	50	12	19	25
	330	12	25	36	29	37	42
R.T.Z. (*1390)	1300	140	200	235	45	70	100
	1350	105	175	210	60	90	125
	1400	85	155	185	85	11	150
Vaal Reefs (*140)	130	16	21½	26	6	9½	12½
	140	12	17	21½	9½	13½	17
	150	8	13½	17½	15½	18½	22
Tr. 11¾% 1991 (*104)	102	1⅞	2⅛	—	0¾	0⅝	—
	104	0⅞	1	—	1¼	1⅝	—
	106	0⅜	0⅝	—	2⅛	3⅛	—
	108	0⅛	0⅛	—	4⅛	4⅝	—
Tr. 12% 1995 (*108)	108	—	—	2	—	—	3⅝
	110	—	—	1⅛	—	—	4¾
Tr. 11¾% 03/07 (*112)	110	3⅛	4⅛	4⅞	1⅛	2⅛	2⅞
	112	2⅛	3⅛	3⅝	2	3⅛	3⅞
	114	1⅛	2⅛	3⅛	3⅛	4⅛	4⅝
	116	0⅞	1⅛	2⅛	4½	5½	6

Option		Calls Dec	Calls Mar	Calls June	Puts Dec	Puts Mar	Puts June
Amstrad (*192)	140	60	68	—	2	6	—
	160	41	53	62	4	12	16
	180	30	40	50	11	19	24
Barclays (*600)	550	75	95	115	7½	13	25
	600	42	65	80	22	37	47
	650	22	40	—	52	62	—
Beecham (*586)	500	95	112	—	5	9	—
	550	56	75	92	13	22	26
	600	26	47	65	38	43	50
Boots (*303)	260	50	—	—	3	—	—
	280	34	48	52	9	11	15
	300	23	33	41	16	21	23
	330	11	21	28	35	37	39
BTR (*360)	300	69	80	—	2	4	—
	330	44	56	—	7	10	—
	360	25	37	45	18	22	28
Blue Circle (*454)	430	35	—	—	25	—	—
	460	—	47	60	—	38	45
	475	20	—	—	40	—	—
De Beers (*$1600)	1200	420	—	—	40	—	—
	1300	330	—	—	60	—	—
	1400	250	—	—	—	—	—
Dixons (*374)	360	36	46	56	14	20	24
	390	17	30	40	28	34	37
	420	8	—	—	54	—	—
Glaxo (*1763)	1650	175	235	—	37	60	—
	1700	140	205	—	52	75	—
	1750	110	175	220	75	95	115

September 25. Total Contracts 44,980. Calls 26,811. Puts 18,169. FT-SE Index Calls 2,087. Puts 1,159. *Underlying security price.

TRADED OPTIONS

Having enjoyed a substantial upturn in activity last Wednesday following the expiry of the popular September series, traded options business retreated to more normal levels during the rest of the week. Yesterday saw 44,980 contracts done—a total made up of 26,811 calls and 18,169 puts. Demand for Hanson Trust positions, recently centred on the calls, switched to the puts which attracted 4,641 trades, the March and June 180 series contributing 2,100 and 2,115 contracts respectively. Plessey were wanted with 3,254 calls done, 2,102 of which were struck in the November 200's, while break-up bid chatter—the group was seen as a possible target for Mountleigh—stimulated interest in Trafalgar House; normally one of the traded option market's "twilight classes," Trafalgar recorded 1,713 calls, 615 of which were traded in the October 360's, and 710 puts. Option nwecomer Wellcome continued to attract a lively business with 2,092 calls done, 1,409 of which were transacted in the December 600's. Wellcome also attracted 1,231 puts.

Traditional Options

- First dealings Sept 21
- Last dealings Oct 2
- Last declaration Dec 17
- For Settlement Dec 28

For rate indications see end of London Share Service

Calls were taken out in Argyle Trust, Moorgate Mercantile, Hammerson "A", Astra Holdings, Amalgamated Finance, London Secs, Amstrad, Control Secs, Saatchi & Saatchi, Beechams, Hughes Foods, Monarch Resources, Henderson Group, Sound Diffusion; Bernard Matthews, Dixons, Property Trust, Mayburn, Greenwich Resources, Storehouse and Eagle Trust. No puts were arranged but doubles were compleed in AB Engineering and Polly Peck.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (115)

AMERICANS (2), CANADIANS (2), BANKS (2), BREWERS (1), BUILDINGS (3), CHEMICALS (4), STORES (6), ELECTRICALS (11), ENGINEERING (6), HOTELS (2), INDUSTRIALS (30), INSURANCE (1), LEISURE (4), MOTORS (2), NEWSPAPERS (1), PAPERS (7), PROPERTY (3), SHIPPING (1), SHOES (1), TEXTILES (2), TRUSTS (15), OILS (3), OVERSEAS TRADERS (4), PLANTATIONS (2), MINES (9), THIRD MARKET (2).

NEW LOWS (7)

BRITISH FUNDS (5), Consols 2½pc, Treasury 2½pc I-L 2011, Treasury 2½pc I-L 2013, Treasury 2½pc I-L 2016 (£68 Pd), Treasury 2½pc 2020, CHEMICALS (1), Novo Inds "B", ELECTRICALS (1), INSTEM.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 3

London County 2½% Cons Stk 1920(or after) – £21 (18Se87)
Greater London Council 9¾% Stk 90/92 – £93
Birmingham Corp 3% Stk 1947(or after) – £24 (21Se87)
Bristol(City of) 11½% Red Stk 2008 – £103 (22Se87)
Leeds(City of) 13½% Red Stk 2006 – £115
Liverpool Corp 3% Red Stk 1942(or after) – £29 (18Se87)
Manchester Corp 4% Cons Irrd Stk – £34½ (18Se87)
Nottingham Corp 3% Stk (Irrd) – £24 (18Se87)
Salford Corp 5½% Red Stk 88/88 – £94 (23Se87)

Electricite de France 12¾% Gtd Ln Stk 2008(Reg) – £113
11¼% Gtd Ser Ln Stk 2009/12(Reg) – £109¾◆
European Investment Bank 9% Ln Stk 2001 (Reg) – £89¾◆
9% Ln Stk 2001 (Br£5000) – £90⅝ (23Se87)
10⅝% Ln Stk 2004(Reg) – £99⅝ (22Se87)
11% Ln Stk 2002(Reg) – £102½ ⅜ ¾
Finland(Republic of) 11½% Ln Stk 2009(Reg) – £108◆
Hydro-Quebec 12.75% Ln Stk 2015 – £114⅝ 5⅝ 6 ⅜ ¼
15% Ln Stk 2011 – £129¾ 30 1⅝
Iceland(Republic of) 14½% Ln Stk 2016 – £116 8 (18Se87)
Inco Ld 15⅜% Uns Ln Stk 2008 $ Rep Opt – £128¼ (21Se87)
Inter-American Development Bank 9½% Ln Stk 2015 – £91
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) – £90⅝ ⅜ 1⅜ 2

Randsworth Trust PLC 7% Cum Cnv Red Prf £1 – 110 10 1
Rivlin PLC 5.125% (Net) Cnv Cum Red Prf £1 – 101
Rockwood Holdings PLC New Ord 10p (Fp/PAL–5/10/87) – 131 2 7
Ross Consumer Electronics PLC Ord 10p – 228 (18Se87)
Scanro Hldgs PLC 7.75% Cnv Cum Red Prf £1 – 220◆
Sigmex International PLC Ord 10p – 110
Splash Products PLC Ord 10p – 87 (23Se87)
Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 (Fp/PAL–25/9/87) – £107 (22Se87)

RULES 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland Quotations has not been granted in London and dealings are not recorded in the Official List

A-Cap Development 9◆ (18/9)
Acmex Hldgs A$6.977
Acorn Securities 113◆ 110◆ 113 4 5 6¼‡ ¾‡ 8 9½ A$2.6
Airship Inds 26◆ 30◆ 26 7 8 9 30 2
Alkane Exploration A$0.30 (21/9)
Allstate Explorations A$1.0 (22/9)
Amatil 402
American Barrick Resources Corp Com NPV £17.7◆ (21/9)
Ames Department Stores $17◆
Ampol Exploration 230 (18/9)
Amsterdam-Rotterdam Bank £24¼ (24/9)
Aust. Development 245 (18/9)
Aust. Foundation Inv. 80 A$1.825
Aust. Oil and Gas A$2.5, 2.6 (23/9)
Beverly Enterprises $14¼◆ (21/9)
Black Hill Minerals 13 (22/9)
CSF (Thomson-CSF) FFr1340 50 60 67 (23/9)
Central Norseman Gold A$3.9◆ A$2.7 2.8 2.9
Central Victorian Gold Mines 17 (23/9)
Churchill Resources 45
City Developments S$4.8◆
Conex Aust 6½ (23/9)
Daicel Chemical Industries 783½ 832.42 (21/9)
Dainippon Screen Manufacturing Y1048.33 (18/9)
Dasa Corp 31 (21/9)
Development Bank of Singapore $8.12 8.25
Dalkar Exploration 250◆ (22/9)
Du Pont (E. I.) De Nemours £117¼ 117½
Eastcourt 20◆ (21/9)
[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

All England Lawn Tennis £500 Dbs 1986-90 £24,000
Barbican Hldgs (1p) 5 ½
Bell and Co 5pc Prf (£1) 39 (21/9)
Carraun (10p) 11 (18/9)
Central Equip B (£1) 500 40 (21/9)
Channel Hotels and Props (10p) 180
Eastbourne Waterworks (£1) (4.9% Max Div) 145 50 (21/9)
Exchem (50p) 70 (18/9)
Fredericks Place (20p) 105 15
Greenstar Hotels (10p) 30
Hambros (20p) (£2 opt 1986-91) 157 8 (22/9)
Holland and Holland (10p) 225 (21/9)
Jennings Bros 30
Konick Leisure (10p) 41 ½ 5 7
Le Riches Stores (£1) 440
Merrett (10p) 480 5 (23/9)
Mid Sussex Water A 7pc Max (10p) £11 (23/9)
Morley (Geoffrey) (£1) £115.82
Norton Villiers Triumph (1p) 7 ½ 8½
Panther Secs 6pc Pref (£1) 30 50 40
Red Rose Radio (10p) 160 (23/9). A N-V 125 (23/9). Var Rate Cnv Ln 1992 (£1) 625 (23/9)
St Austell Brewery 5pc 1st Pf 40 (23/9)
Southern Newspapers (£1) 320 30 (18/9)
Sutton Harbour Improvement 375 (21/9). 4pc Pf N-V 8 (21/9)
Thwaites (Daniel) (1p) 790 810
Weetabix A N-V 340 (23/9)
Wistech (5p) 83 (22/9)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Explo (IR 25p) 53 4 5 ½ 6 ½ 7 8

By permission of the Stock Exchange Council

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 24 1987					WEDNESDAY SEPTEMBER 23 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	176.83	+0.0	160.11	161.02	2.44	176.84	159.57	160.55	180.81	99.92	81.79
Austria (16)	101.51	+0.6	91.90	96.02	2.15	100.95	91.09	95.64	102.87	85.53	92.90
Belgium (48)	128.38	+0.4	116.23	120.15	3.95	127.83	115.35	119.64	134.89	96.19	89.19
Canada (129)	136.35	+0.6	123.45	130.03	2.31	135.57	122.33	129.33	141.78	100.00	97.28
Denmark (39)	117.32	-0.6	106.22	111.70	2.54	118.02	106.49	112.48	124.83	98.18	96.29
France (121)	112.50	-1.5	101.86	107.16	2.63	114.16	103.01	108.79	121.82	98.39	94.24
West Germany (92)	100.84	-0.8	91.30	95.46	1.99	101.60	91.68	96.19	104.93	84.00	92.14
Hong Kong (45)	150.29	+0.4	136.07	150.57	2.41	149.69	135.07	150.03	150.29	96.89	79.74
Ireland (14)	144.86	-0.2	131.15	138.76	3.23	145.16	130.99	139.05	145.49	99.50	84.88
Italy (76)	90.19	-0.3	81.65	88.54	2.07	90.47	81.63	88.84	112.11	84.22	98.48
Japan (458)	141.75	+0.5	128.34	128.76	0.53	141.08	127.30	128.28	161.28	100.00	97.03
Malaysia (36)	172.53	+0.8	156.21	167.42	2.19	171.16	154.45	166.45	193.64	98.24	88.21
Mexico (14)	381.23	+1.5	345.17	645.86	0.46	375.54	338.87	637.85	422.59	99.72	65.89
Netherland (37)	123.17	-1.2	111.52	115.19	3.89	124.69	112.52	116.78	131.41	99.65	96.27
New Zealand (24)	135.00	-1.1	122.23	111.22	2.69	136.50	123.18	112.24	138.99	83.93	71.99
Norway (24)	177.95	-3.3	161.11	160.98	1.70	183.94	165.98	166.33	185.01	100.00	103.69
Singapore (27)	161.00	+0.4	145.77	155.14	1.58	160.43	144.76	154.70	174.28	99.29	88.95
South Africa (61)	185.19	+0.5	167.67	133.85	3.13	184.20	166.22	133.13	198.09	100.00	104.54
Spain (43)	160.97	-0.1	145.74	148.10	2.67	161.06	145.34	148.43	165.92	100.00	92.73
Sweden (33)	130.48	-0.5	118.14	123.48	1.88	131.16	118.35	124.22	132.10	90.85	95.63
Switzerland (53)	108.21	-0.3	97.97	101.37	1.64	108.57	97.97	101.77	110.00	92.01	90.83
United Kingdom (333)	155.29	-1.9	140.60	140.60	3.22	158.23	142.78	142.78	162.87	99.65	91.67
USA (586)	130.54	-0.4	118.19	130.54	2.82	131.05	118.26	131.05	137.42	100.00	96.53
Europe (929)	127.22	-1.2	115.18	118.15	2.81	128.83	116.25	119.48	128.88	99.78	93.03
Pacific Basin (683)	143.31	+0.4	129.75	130.48	0.69	142.68	128.75	130.01	158.77	100.00	95.82
Euro-Pacific (1612)	136.93	-0.2	123.97	125.54	1.48	137.19	123.79	125.78	143.65	100.00	94.72
North America (715)	130.85	-0.3	118.47	130.54	2.79	131.29	118.47	130.98	137.55	100.00	96.57
Europe Ex. UK (596)	109.78	-0.7	99.39	104.15	2.45	110.56	99.76	104.94	111.97	98.02	93.89
Pacific Ex. Japan (225)	162.62	+0.1	147.24	152.13	2.40	162.50	146.64	151.79	163.57	99.92	80.67
World Ex. US (1816)	137.58	-0.2	124.57	126.09	1.53	137.79	124.34	126.29	143.38	100.00	94.87
World Ex. UK (2069)	132.81	+0.0	120.25	126.65	1.87	132.88	119.90	126.76	138.82	100.00	95.88
World Ex. So. Af. (2341)	134.48	-0.2	121.76	127.86	2.00	134.82	121.65	128.18	139.47	100.00	95.44
World Ex. Japan (1944)	131.52	-0.6	119.08	127.57	2.78	132.33	119.41	128.29	134.03	100.00	94.76
The World Index (2402)	134.81	-0.2	122.06	127.94	2.01	135.13	121.94	128.25	139.73	100.00	95.50

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$480	27	8	8	19.50	—	—	$462.20
GOLD C	$500	199	4	2	13.50	51	21.50	"
GOLD P	$420	2	1.90	—	—	—	—	"
GOLD P	$440	42	4	104	6.80	—	—	"
GOLD P	$460	5	9.20	—	—	—	—	"
		Oct. 87		Nov. 87		Dec. 87		
$/FL C	Fl.200	31	5	80	5.40	4	6.20	Fl.204.90
$/FL C	Fl.205	25	1.80A	143	2.80	2	3.60	"
$/FL C	Fl.210	—	—	30	1.10	3	1.80	"
$/FL P	Fl.195	—	—	—	—	30	1.30	"
$/FL P	Fl.200	—	—	4	1.50	10	2.70	"
$/FL P	Fl.205	15	2.10B	20	3.40	100	4.30	"
$/FL P	Fl.215	—	—	—	—	100	11.50	"
		Mar. 88		June 88		Sept. 88		
$/Fl C	Fl.190	200	14.80	—	—	—	—	Fl.204.90
$/FL C	Fl.200	—	—	10	7.60B	—	—	"
$/FL C	Fl.205	12	5	22	5.50	—	—	"
$/FL C	Fl.215	—	—	9	2.75	—	—	"
$/FL C	Fl.220	—	—	15	1.80	—	—	"
$/FL P	Fl.210	1	9.80	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.52	425	0.10	48	1.40	2	2.40	Fl.46.40
ABN P	Fl.46	97	0.60A	257	1.90	4	2.10	"
AEGON C	Fl.90	14	1.10	420	4.70	—	—	Fl.86.40
AEGON P	Fl.90	30	4.70	444	6.20	—	—	"
AHOLD C	Fl.110	4	0.60	50	3.70	—	—	"
AHOLD P	Fl.105	32	3	1	6.50	—	—	"
AHOLD C	Fl.95.50	—	—	2	11.50	—	—	"
AKZO C	Fl.190	224	1	687	6.80	17	10	Fl.176.90
AKZO P	Fl.160	20	0.40	533	3.10	14	5	"
AMEV C	Fl.70	15	0.10	101	1.40	—	—	Fl.59.80
AMEV P	Fl.60	8	2	81	3.90	—	—	"
AMRO C	Fl.85	153	1.10	95	4.40	7	6	Fl.83
AMRO P	Fl.90	39	7.50	28	8	—	—	"
ELSEVIER C	Fl.65	274	1.90	159	4.50	19	5.70	Fl.61.50
ELSEVIER P	Fl.60	167	1	36	3.50	20	3	"
GIST-BROC.C	Fl.50	72	0.50	75	3	34	3.70	Fl.47.80
GIST-BROC. P	Fl.50	10	2.40	2	4	49	5	"
HEINEKEN C	Fl.190	10	1.20	55	4.70	12	8.50	Fl.174.80
HEINEKEN P	Fl.170	10	1.50	19	4.80	—	—	"
HOOGOVENS C	Fl.50	18	0.50	82	3	23	5	Fl.47.20
HOOGOVENS P	Fl.55	142	8.30	—	—	—	—	"
KLM C	Fl.50	403	2.80	66	5.60	3	7.50	Fl.52.50
KLM P	Fl.55	15	3.40A	3	5	45	5.80	"
NEDLLOYD C	Fl.200	65	3.10	21	13	—	—	Fl.190.30
NEDLLOYD P	Fl.170	106	1.20	37	5	—	—	"
NAT.NED. C	Fl.75	55	0.90	147	3.60	12	5.50	Fl.72
NAT NED P	Fl.75	263	3.40	65	4.50	—	—	"
PHILIPS C	Fl.55	148	0.40	387	1.90	140	2.90	Fl.50.40
PHILIPS P	Fl.55	80	4.60	55	5.70	314	6.40	"
ROYAL DUTCH C	Fl.270	299	2.40	297	9.60	1	15	Fl.261.50
ROYAL DUTCH P	Fl.260	325	4.30	124	9	8	11.50	"
UNILEVER C	Fl.144	249	1.50	101	6.80	—	—	Fl.137.50
UNILEVER P	Fl.120	—	—	90	1.20	10	3	"

TOTAL VOLUME IN CONTRACTS: 29,915

A=Ask B=Bid C=Call P=Put

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday September 24 1987

Mining Finance	+180.65	Electricals	+ 47.12
Publishing and Printing	+ 76.25	Consumer Group	+ 40.64
Overseas Traders	+ 62.27	Industrial Group	+ 40.32
Textiles	+ 62.25	Other Groups	+ 40.13
Property	+ 61.83	Capital Goods	+ 39.86
Metals and Metal Forming	+ 59.35	Financial Group	+ 39.35
Health and H'sehold Products	+ 58.12	Building Materials	+ 38.51
Agencies	+ 54.11	Packaging and Paper	+ 38.45
Contracting, Construction	+ 53.44	Food Manufacturing	+ 36.55
Gold Mines Index	+ 53.15	Insurance (Life)	+ 35.29
Shipping and Transport	+ 49.72	Investment Trusts	+ 33.83
Chemicals	+ 49.17	Electronics	+ 33.38
Insurance (Composite)	+ 46.95	Mechanical Engineering	+ 32.32
Oils and Gas	+ 46.54	Conglomerates	+ 31.60
Motors	+ 45.87	Food Retailing	+ 31.13
Merchant Banks	+ 44.56	Stores	+ 30.17
Other Industrial Materials	+ 44.36	Brewers and Distillers	+ 27.11
Leisure	+ 41.85	Telephone Networks	+ 25.35
All-Share Index	+ 41.43	Banks	+ 24.92
500 Share Index	+ 41.21	Insurance Brokers	+ 3.87

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	37	60	16	131	395	36
Corporations, Dom. and Foreign Bonds	17	7	31	53	77	137
Industrials	608	342	629	2,250	2,453	3,215
Financial and Props.	262	72	282	850	841	1,389
Oils	39	24	51	157	171	242
Plantations	0	2	12	14	12	44
Mines	69	24	97	291	208	451
Others	106	60	68	467	399	308
Totals	1,138	591	1,186	4,213	4,554	5,822

BANK RETURN

BANKING DEPARTMENT	Wednesday September 23, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	92,065,608	− 3,613,798
Bankers Deposits	907,816,994	− 69,174,424
Reserve and other Accounts	1,936,264,612	− 171,396,178
	2,950,700,214	− 244,184,400
ASSETS		
Government Securities	738,616,049	− 173,640,000
Advance and other Accounts	908,437,828	− 25,616,873
Premises Equipment & other Secs.	1,290,841,778	− 46,274,909
Notes	12,533,203	+ 1,337,202
Coin	271,356	+ 10,180
	2,950,700,214	− 244,184,400

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,187466,797	− 1,337,202
Notes in Banking Department	12,533,203	+ 1,337,202
	13,200,000,000	......
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,196,617,003	− 389,568,062
Other Securities	4,992,367,897	+ 389,568,062
	13,200,000,000	......

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Int'l (UK)	10½
American Exp. Bk.	10	Consolidated Cred.	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp.	10	Equat'l TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd.	10½	Smith & Williams Secs.	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp.	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs.	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp.	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst.	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co.	10		
Brit Bk of Mid East	10	Hongkong & Shangh.	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd.	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureslve 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,400	208	+1	Ladbroke	2,000	499	+2
Allied Lyons	3,900	496	+11	Land Securities	1,400	595	+8
Amstrad	9,200	195	+9½	Legal & Gen.	1,400	360	+13
Argyll Group	3,100	234	—	Lloyds Bank	2,300	383	+9
Assoc. Brit. Foods	137	339	-1	Lonrho	2,500	325½	+6½
BAT	1,300	688	+9	Lucas	427	780	—
BET	8,300	298	+15½	MEPC	342	553	+6
BICC	371	425	+1	Marks & Spencer	1,500	236½	—
BOC	192	542	+3	Midland Bank	1,600	555	+9
BPB Inds	2,100	351	+11	Natwest Bank	1,600	755	+7
BPCC	1,000	360	-4	Next	3,300	374	+9
BTR	933	362	+2	Pearson	343	915	+5
Barclays	2,000	608	—	P & O	1,300	740	+7
Bass	273	£10	+⅛	Pilkington Bros	2,400	314	+9
Beecham	3,500	585	+10	Plessey	8,200	215	+6
Blue Circle	289	455	+2	Prudential	244	£10½	+⅛
Boots	4,400	303	+9	Racal	791	313	+5
Brit. Airways	3,400	212	+2	Rank Org.	1,100	715	+16
Brit. Aero	709	574	+5	RHM	600	343	+5
Brit. & Comm.	1,200	320	+3	Reckitt & Col	147	£10½	—
British Gas	6,900	174	+2½	Redland	1,300	305	+3
Britoil	4,000	332	+6	Reed Intl.	1,000	570	+18
BP	4,800	374	+5½	Reuters	264	902	+2
Brit. Telecom	3,200	263	+2	RMC	2,200	499	+15
Bunzl	529	227	-1	RTZ	768	£13⅛	+⅛
Burton	4,000	293	-2	Rolls-Royce	6,800	203½	+1½
Cable & Wire	5,500	485	+15	Rowntree	159	543	-1
Cadbury Schwps	1,800	277	+1	Ryl Bank Scotland	571	410	+3
Coats Viyella	557	404	+14	Royal Insurance	2,700	398	+8
Comm. Union	2,600	412	+1	STC	444	297	+1
Cons. Gold	786	£14⅛	+⅛	Saatchi & Saatchi	1,700	550	-10
Cookson	214	811	+1	Sainsbury	651	268	—
Courtaulds	1,000	530	+9	Scott & Newcastle	1,200	258	+3½
Dee Corpn	7,100	212	+6	Sears	4,800	170½	+2
Dixons Group	698	373	+5	Sedgwick	1,100	287	+3
English China Clays	542	537	+3	Shell Trans	1,200	£13⅛	+⅛
Fisons	3,800	347	+12	Smith & Nephew	1,200	194	+3
Gen. Accident	92	£11⅛	+⅛	Standard Chart	196	829	+1
Gen. Elect	5,200	213	+1	Storehouse	21,000	349	+5
Glaxo	1,680	£17⅜	+⅛	Sun Alliance	39	£11½	+⅛
Globe Investment	52	185	+1	TSB	2,100	139	+½
Granada	463	351	+5	Tarmac	1,600	301	+9
Grand Met	1,100	570	+6	Tesco	1,900	195	—
GUS "A"	51	£14⅛	+⅛	Thorn EMI	5,700	697	+9
Guardian R.E.	229	£10⅛	—	Trafalgar House	5,700	405	+20
GKN	693	408	+4	T'house Forte	1,700	249	+5
Guinness	4,300	365	+9	Ultramar	1,200	282	+1
Hammerson	772	655	+2	Unigate	2,100	362	-11
Hanson Trust	2,600	180½	+1	Unilever	1,100	643	+8
Hawker Sidd	221	577	+4	United Biscuits	1,100	317	-1
Hillsdown Hldgs	1,300	348	+2	Wellcome	8,100	569	+32
ICI	898	£16⅛	+⅛	Whitbread "A"	485	325	+5
Jaguar	156	564	+2	Woolworth	771	360	+5

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT-30			FTSE 100			WALL STREET		
Sept	1828/34	+22	Sept	2337/44	+31	Oct	2569/7703	-4
Dec	1869/76	+22	Dec	2389/96	+31	Dec	2582/90	-4

Dealing hours from 9am to 9pm. Prices taken at 5pm.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	112.2	117.4	+0.4	1.02
(Accum Units)	116.5	123.2	+0.5	1.02
American Income	50.2	53.1xd	-1.4	3.67
(Accum Units)	56.0	59.2xd	+0.3	3.67
American Sm Cos Fd	50.5	53.4	+0.3	0.48
(Accum Units)	50.5	53.6	+0.3	0.48
British Blue Chip Fund	52.9	55.9xd	+0.3	2.27
(Accum Units)	53.7	56.8xd	+0.2	2.27
European Growth	163.7	173.2	+0.2	0.40
(Accum Units)	170.9	180.8	+0.2	0.40
European Income	86.7	91.7	+0.1	3.35
(Accum Units)	91.1	96.4	+0.2	3.35
Exempt	366.8	376.2	—	2.37
(Accum Units)	581.4	596.3	—	2.37
General	390.8	413.5xd	+1.0	1.49
(Accum Units)	653.2	691.1xd	+1.7	1.49
Gilt	87.8	88.2	+0.2	7.58
(Accum Units)	104.3	104.8	+0.1	7.58
Global Fund	53.7	56.8	+0.4	0.65
(Accum Units)	53.7	56.8	+0.4	0.65
High Income Fund	55.1	58.3xd	+0.0	4.47
(Accum Units)	56.0	59.2xd	+0.0	4.47
High Interest Fund	44.4	46.9xd	-0.2	9.48
(Accum Units)	45.7	48.3xd	-0.3	9.48
Income	130.5	138.0xd	+0.3	2.83
(Accum Units)	150.6	159.3xd	+0.4	2.83
International	309.3	327.2	+0.4	1.37
(Accum Units)	386.9	409.4	+0.5	1.37
Japan	210.2	222.4	+1.7	0.69
(Accum Units)	215.8	228.3	+1.7	0.69
Pacific Fund	62.3	65.9	+0.4	0.10
(Accum Units)	62.3	65.9	+0.4	0.10
Recovery	330.4	349.4	+0.9	1.90
(Accum Units)	359.2	380.7	+1.0	1.90
UK Smaller Co's Fund	57.2	60.5xd	+0.1	1.63
(Accum Units)	57.8	61.1xd	+0.2	1.63

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 23	603.5	641.5	—	1.06

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	67.0	71.2xd	+1.1	4.21
Accum Units	67.7	72.0xd	+1.1	4.17
UK Growth Fund Acc	67.9	72.2	+3.1	1.39
Global Income Fund	50.8	54.0	-0.1	3.70
Accum Units	50.8	54.0	-0.1	3.70
Global Growth Fund	51.4	54.6	-0.1	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	131.8	139.8	—	1.09
(Accum Units)	182.1	193.2	—	1.09
Commodity & Gen.	205.1	217.6	-0.4	1.24
(Accum Units)	292.7	310.6	-0.6	1.24
European Growth	137.3	145.6	-1.4	0.95
(Accum Units)	165.5	175.6	-1.7	0.95
Extra High Inc	75.3	79.8	+0.1	6.24
(Accum Units)	92.6	98.3	+0.1	6.24
Gilt & Fxd. Int.	51.9	54.1xd	+0.1	8.64
(Accum Units)	92.0	96.1	+0.2	8.64
High Yield	228.9	242.8	+0.4	3.98
(Accum Units)	404.9	429.6	+0.7	3.98
Income	254.6	270.1	+0.6	2.75
(Accum Units)	432.0	458.4	+0.9	2.75
Intl High Bl UT	60.6	64.4	+0.1	1.82
Do. Accum	60.6	64.4	+0.1	1.82
Japan and Pacific	338.3	358.9xd	+2.7	0.10
(Accum Units)	355.3	377.0	+1.9	0.10
Managed Portfolio Acc	72.2	76.4	—	1.20
North American	131.2	139.1	-0.2	1.14
(Accum Units)	158.4	168.1	-0.2	1.14
Smaller Cos.	215.8	228.9	+0.1	1.04
(Accum Units)	233.6	247.8	+0.1	1.04

MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)
74-78 Finsbury Pavement, London EC2A 1JD
01-588 2777 Dealing only: 0800 010733
UK Specialist Trusts

Growth Gilt	62.4	63.4xd	-0.3	0.82
Smaller Companies	262.7	280.2xd	+0.1	0.22
Special Features	160.9	171.6xd	-0.3	0.69

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	123.7	131.7	+0.2	0.97
PM Income and Growth	107.2	114.1xd	+0.3	2.90
PM N American Growth	58.0	61.6	-0.3	0.34
PM European Growth	53.1	56.4	-0.1	0.55
PM Japan Growth	70.7	75.2	+0.5	0.36
PM Overseas Growth	56.9	60.5	-0.1	0.42

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn UnitLine 0800 010345

Holborn Comm Tst	84.6	89.5xd	—	0.34
Holborn Equity Income	75.7	80.1xd	—	3.21
Holborn Equity Tst	614.7	650.4	—	2.08
Holborn European Tst	128.5	135.9	—	.41
Holborn Gilt Tst	210.3	219.3	—	2.17
Holborn High Inc Tst	91.3	96.4xd	—	4.47
Holborn Intl Grth Tst	125.7	133.0	—	0.64
Holborn Intl Sm Cos	—	50.0	—	0.05
Holborn Japanese Tst	135.3	143.3xd	—	0.48
Holborn N. Amer. Tst	96.8	102.4	—	0.47
Holborn Sm Cos Tst	92.9	97.7	—	1.35
Holborn Spec Sits Tst	110.1	116.5	—	1.25
Holborn UK Growth Tst	122.5	129.6xd	—	1.44

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	683.7	725.5	-0.4	2.35
Quadrant Income	344.3	364.4	+1.6	3.66
Quadrant Intl. Fund	454.9	481.4	—	1.04
Quadrant Spec. Sits	481.5	530.0xd	-5.3	1.16

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	252.1	268.1	-1.3	2.25
Reliance Unit Tst (Inc)	176.4	187.5	-0.9	1.40
Reliance Ut Tst (Acc)	237.3	252.4	-1.4	1.40

Rossbury Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	51.3	54.3	—	1.49

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2983/4

NC America (Inc)	335.0	356.3	-1.1	0.66
NC America (Acc)	369.6	393.1	-2.5	0.66
NC Inc Fd.	130.3	138.9	+0.3	2.90
NC Japan Fd.	216.6	230.4	-1.3	0.00
NC Major UK Cos Fd.	73.5	78.1	+0.3	1.72
NC Smllr Australasian	96.7	102.8	-0.4	.61
NC Smlly Canadian CoFd.	51.3	54.5	+0.6	1.05
NC Smaller Cos	258.4	274.8xd	+0.7	2.76
NC Smaller Europeans	206.8	220.0	-1.1	0.41
NC Prop.*	157.2	171.6	—	(z)

*Unauthorised Unit Trust

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Grwth Acc	89.2	94.8	-0.7	—
RBC Select Income	85.0	89.1	+0.1	—
RBC Select Inc Acc	85.5	91.3	+0.2	—
RBC Select N. American	53.6	57.0	+0.1	—
RBC Select Intl.	59.1	62.8	-0.6	—

Royal Life Fd Mgmt Ltd
PO Box 34, Peterborough PE2 0UE. 0733 230000

Equity Trust	88.2	93.3	+0.4	1.82
International Trust	95.2	100.7	+0.1	0.82
United States Trust	40.2	42.5xd	-0.1	0.71
Pacific Basin	61.2	64.7	+0.7	0.05
Gilt Trust	25.8	27.1	-0.3	9.84
Equity Grwth Accum	291.6	308.6	+0.1	1.64
Equity Growth Dist	204.6	216.6	+0.1	1.64
High Inc Accum	157.6	166.8xd	+0.2	3.26
High Inc Dist	129.0	136.6xd	+0.2	3.26
US Grwth Accum	73.0	77.3	-0.3	1.04
US Growth Dist	71.2	75.4	-0.3	1.04

Royal London Unit Tst Mgrs Ltd

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Inc.	226.5			—
Do. Accum	279.2			—
Guaranteed Inc.	159.0			—
Do. Accum.	195.9			—
International Inc.	499.6			—
Do. Accum.	615.2			—
Index Lk Gilt Inc	135.7			—
Do. Accum.	167.2			—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	316.6		+1.0	—
Property Pens.	426.6		+1.8	—
Equity	202.0		-2.1	—
Equity Pens.	919.7		-14.6	—
Money Market	295.6		-4.4	—
Money Mkt. Pens.	592.7		-8.0	—
Deposit	239.7		+0.2	—
Deposit Pens.	384.1		+0.6	—
Managed	302.4		-1.8	—
Managed Pens.	587.1		-5.4	—
Intl. Equity	362.2		-0.3	—
Do. Pens.	592.6		-0.6	—
Intl. Managed	330.3		-0.9	—
Do. Pens.	495.0		-2.2	—
North American	134.7		+0.4	—
Do. Pens.	155.6		+0.6	—
Far East	300.2		+2.3	—
Do. Pens.	445.6		+4.4	—
Intnl. Currency	169.1		+0.2	—
Do. Pens.	218.2		+0.5	—
Index Linked	126.3		-2.4	—
S & C Managed Fd	141.6		+0.7	—
S & C Pens Mngd Fd	115.9		+0.7	—
Bell Chambers	129.0		-0.2	—
Loran & Loran	118.3		+0.1	—
Trustlink Life Funds				
Per Worldwide Rec.	172.4		-0.2	—
Per Far East Growth	224.0		-0.2	—
Per Intl Growth	167.0		+6.6	—
Per Income	179.1		-0.6	—
Per Emerging Co's	166.6		+0.2	—
Per American Growth	150.2		+0.5	—
Per European Growth	138.9		-0.3	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

NUAM Funds				
Managed Fund	58.0	61.1		—
Stock Market Mngd Fund	60.0	63.2	+0.1	—
Equity Fund	64.8	68.3	-0.1	—
International Fund	56.4	59.4	+0.3	—
European Fund	59.9	63.1	-0.1	—
North American Fund	51.3	54.0	+0.2	—
Pacific Fund	65.2	68.7	+0.8	—
Property Fund	52.2	55.0	....	—
Fixed Interest Funds	47.9	50.5		—
Index Linked Sec Fund	45.1	47.5	-0.2	—
Deposit Fund	51.5	54.3		—
NUAM Retirement Plans				
Mixed Fund	62.3	65.6	-0.5	—
UK Ordinary Share	74.8	78.8	+1.1	—
International Fund	58.1	61.2	+0.3	—
Property Fund	52.9	55.1	...	—
Fixed Interest Fund	49.6	52.3	-0.8	—
Index Linked Sec Fund	45.6	48.0	-0.4	—
Deposit Fund	53.5	56.4	....	—
NUAM (MF)				
Managed Fund	797.7	839.7		—
Equity Fund	1734.1	1825.4	-4.2	—
Property Fund	325.0	342.2	....	—
Fixed Interest Fund	353.0	371.6	....	—
Deposit Fund	210.5	221.6	....	—
International Fund	146.4	154.2	+0.8	—
Index Linked Sec Fund	45.1	47.5	-0.2	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensioneevestor* & Unit-Linked Plus*				
Fixed Interest Fund	253.1	266.4	....	—
Index-Linked Sec Fund	130.1	136.9	....	—
Ordinary Share Fund	547.0	575.7	....	—
International Fund	147.1	154.8	....	—
Property Fund	162.9	171.4	....	—
Deposit Fund	167.6	176.4	....	—
Mixed Fund	347.4	365.6	....	—
Norwich Units Sep 15		1018.4	....	—

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd

Provincial Life Assurance Co Ltd(z)
Stramongate, Kendal, Cumbria LA9 4BE 0539 33733

Managed Fd
Cash Fd
Property Fund
Equity Fund
Fxd. Int. Fund
International
High Income
Far East
North American
Special Sits.
Technology
Extra Inc Fd.
Convertible & Gilt Fd
American Income
Gilt Fund 20
European Fund
Managed Pens. Acc
Deposit Pens. Acc.
Property Pens. Acc.
Fix. Int. Pens. Acc.
Equity Pens. Acc.
International Pens Acc
High Inc Pens Acc.
Tech Pens Acc
N American Pens Acc
Far Eastern Pens Acc
Special Sits Pens Acc
Extra Income Pens Fd
Convertible & Gilt Pen
American Inc Pens
European Pens.
Broker Funds
KSA Managed Fund
McKenna Mngd Fund
Acorn Managed Fund
Portfolio 2000
Allied Angle Mngd Fd.
Brian Foster Mngd. Fds.
Archer Managed
Buxton Intl Managed
BFP PB Inv Port
Chippendale
Do Gtee Flexible In Bd.
Hinton Hill W'wide Per

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]		11.99	9.89
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]		7.80	9.58
[illegible]	[illegible]	Exch 10½pc '88	[illegible]		10.49	10.30
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	9.79	10.27
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	[illegible]	3.11	7.64
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]		9.57	10.25
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]		11.53	10.28
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.59	10.19
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.22	7.51
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]		10.47	10.26
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	10.09	10.29
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.80	10.26
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	5.37	8.72
[illegible]	[illegible]	Exch 10¼pc Cv '89	[illegible]	[illegible]	10.19	9.875
[illegible]	105	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.30	10.11
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.53	10.20
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.92	10.23
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.39	7.96
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.62	10.06
105	[illegible]	Treas. 10pc Cv 1990	[illegible]	[illegible]	10.06	10.23
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]		2.91	7.59
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.31	10.27
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.42	9.27
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]		3.55	7.96
[illegible]	99	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	9.97	9.89
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.13	10.22
[illegible]	[illegible]	Treas. 8pc 1992	[illegible]	[illegible]		
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.76	10.25
[illegible]	[illegible]	Treas 10pc 1992	99	[illegible]	10.09	10.23
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.70	10.25
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.42	10.26
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.74	8.03
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	11.43	10.32
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	12.06	10.37

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

Money Market Bank Accounts

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

AMERICANS—Continued

1987 High	Low	Stock	Price $	+ or —	Div Gross	C'vr	Y'ld Gr's
34⅞	25⅞	Tenneco $5	34⅛	+¼	$3.04	—	5.4
215	149	Do. 10%Ln Stk. 91-5	215xd		10%	—	14.7
29⅞	17⅜	Texaco $6.25	24⅞xd	+⅞	$3.00	—	7.4
74	47⅛	Time Inc. $1	64xd	+⅛	$1.00	—	1.0
19⅞	11	Tracor $0.33	19⅛xd		40c	—	1.3
30¼	18⅞	Transamerica $1	25⅛	+⅛	$1.84	—	4.4
14½	922p	Transworld Corp $%	12⅞	+⅛	20c	—	1.0
27	14⅞	TRINOVA Corp.	26	−1	$1.00		2.4
24	15	USX $1	22⅝		$1.20	—	3.3
19⅝	15	Union Carbide $1	16⅛	−⅛	$1.50	—	5.5
37⅞	26⅞	Utd. Technologies	34⅛xd	−⅛	$1.40	—	2.5
35⅞	27	US West	35⅛		$3.28	—	5.7
30½	17⅛	Waste Management $1	28⅞	+⅛	—	—	—
£31½	£20½	Whirlpool $1.0	£22⅞	−⅛	—	—	—
37⅛	26	Woolworth $3½	29⅞	+⅛	$1.32	—	2.7

CANADIANS

1987 High	Low	Stock	Price	+ or —	Div Gross	C'vr	Y'ld Gr's
691p	363p	ABM Gold Corp	394p		—	—	—
21½p	10p	Abbot Energy Corp.	20½p		—	—	—
18	506p	Amer. Barrick Res.	17½xd	+½	—	—	—
136p	32p	Amer Dalego	84p	+½	—	—	—
141p	37½p	American Lightwave	39p	+2	—	—	—
122p	52p	Armeno	79p		—	—	—
19⅞	14⅝	Bk. Montreal	14⅝		$2.00	—	6.3
10½	745p	Bk. Nova Scot.	760pxd		72c	—	4.4
20⅝	17⅛	BCE	18⅛	+⅛	$2.40	—	6.1
10⅞	712p	Bow Valley	866p	+8	40c	—	—
20	12⅝	Brascan	18	+⅛	80c	—	2.2
609p	277p	Breakwater Res.	406p		—	—	—
[illegible]	[illegible]	Can. Imp. Bk. $2	994pxd	+15	$1.00	—	5.0

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	348	.....	a10.5	2.9	4.2	12.7
474	316	Pearl Group 5p	458xd	+3	†10.5	—	3.1	—
*£11¼	804	Prudential	£10½	+¼	†29.0	—	3.8	—
580	432	Refuge 5p	568xd	+8	15.75	—	3.8	—
591	423	Royal	588	+8	†t15.5	—	3.7	—
103	93	Saltire Ins. Invs.	102	.....	—	—	—	—
*345	274	Sedgwick Group 10p	287xd	+3	12.0	1.7	5.7	12.3
399	207	Steel Burrill J. 10p	235xd	.....	†9.0	2.0	5.2	13.1
668	403	Stewart Wr. 20p	536	–5	♦13.0	2.0	3.4	18.8
612	377	Sturge Hldgs 20p	517	–1	†t6.0	2.5	1.6	33.9
£11½	645	Sun Alliance	£11½	+⅛	†23.5	—	2.8	—
£12⅝	929	Sun Life 5p	£12⅝	.....	†28.5	—	3.1	—
£69½	£39	♥Taisho M EDR	£49¾	+3½	g010%	—	0.8	—
£22⅝	£14¼	Torchmark $1.00	£18¼	+¼	Q$1.00	—	3.3	—
385	235	Trade Indemnity	380	.....	†4.5	—	1.6	—
£34	£24⅞	Travelers $1.25	£26½	.....	$2.28	—	5.3	—
£30¼	£22⅝	USF & G Corp $2.50	£24½xd	–¼	Q$2.48	—	6.3	—
£33⅞	£20⅞	USLIFE Corp. $1.0	£23½	–⅛	Q$1.20	3.2	3.1	5.1
728	555	♥Wld Friendly B 10p	728	.....	21.0	—	4.0	—
464	345	Willis Faber 12½p	348	+3	†10.75	2.6	4.3	13.1
128	41	Windsor Secs. 10p	116	–2	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	11½	♦A & M Group 10p	27½	+4	—	—	—	♦
242	161	Airtours 10p	195	+1	R5.4	2.5	3.9	14.2
*549	302	Anglia TV	486	.....	†g11.25	3.3	3.2	13.5
194	108	♦Aspinall Hldgs. 10p	172	–3	♦6.0	1.2	4.8	23.6
141	63	♦Avesco 1p	111	+1	0.5	6.7	0.6	31.4
65	40	♦BCE Hldgs 5p	52½	+1	L1.0	♦	2.6	♦
300	132	Barr & W.A.T. 'A'	295xd	.....	†8.0	1.4	3.7	24.0
58	19	Bond Media	47	.....	—	—	—	—
295	165	Boosey & Hawkes	290	.....	—	—	—	—
83	45	♦Border T.V.	65xd	+5	1.4	♦	3.0	♦
*439	43½	Brent Walker 10p	376	+18	♦8.5	2.2	3.6	18.1
122	102	Do 6pc.Cv.Cm.Red.Pf	104	+1	6.0	—	7.9	—
*292	110	Campari Int. 20p	252xd	–3	†3.0	5.1	1.6	12.9
306	211	Castle Comm. 5p	278	+3	R7.9	2.2	3.5	17.7

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	75½	Anglo-Dominion	79	+2½	—	—	—
90	21	♥Colby Res Corp	65	+5	—	—	—
*300	127	Cons. March. 10c	273	+30	Q50c	4.4	6.8
*70½	37½	♥Emess Int. Ir10p	62	+3	—	—	—
*440	139½	Greenwich Res.	431xd	–6	—	—	—
£23½	963	Hemlo Gold Mines	£12½	+⅛	—	—	—
355	189	♥Highwood Res.	280	+2	—	—	—
£28⅝	£16¾	Homestake Mining $1	£20½	+½	Q20c	—	0.4
455	150	♥McFinley Red Lake	350	+2	—	—	—
166	38½	♥Minets Explorations	50½	.....	—	—	—
160	37½	♥New Sabina Res C$1	128	.....	—	—	—
598	200	Northgate C$1	480	+16	—	—	—
237	104	Nor-Quest Resources	118	.....	—	—	—
£14½	698	RTZ	£13⅞	+⅛	†23.5	2.9	2.3
£359¼	£113¾	Do. 9½pcLn '95-2000	£281	+4	Q9½%	16.5	9.4
39¾	11	♥Thorco Res. Inc.‖	28¾	.....	—	—	—

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelsoft Group 10p	485	–10	3.5	2.7	1.2	43.4
56	28	Aberdeen Am Pet 10p	50	+1	—	—	—	—
150	110	Allied Ins. Brokers	145	.....	N4.0	2.5	3.8	16.2
85	61	Amerimer Energy 10p	65	.....	—	—	—	—
111	85	Andaman Res. 10p	96	–4	—	—	—	—
46	9	Ardmore Pet. 'A'	20	–1	—	—	—	—
285	102	Broadcast Comms.	212	+7	—	—	—	—
181	61	Camdisch 10p	173	+10	R2.0	1.9	1.6	44.6
103	45	Catalyst Comms. 5p	95	+1	—	—	—	39.5
200	153	Chelsea Artisans 5p	183	.....	—	—	—	24.5
180	140	Comac Group 5p	145	+3	—	—	—	—
151	47	Corton Beach 10p	128	+2	0.4	♦	0.4	♦
205	150	Crown Eyeglass 5p	205	+5	—	—	—	—
*42	18	Eglinton Expln. I.R.5	23	–2	—	—	—	—
41	15	Do. Warrants	16	+1	—	—	—	—
186	101	Far East Res. 10p	166	+8	—	—	—	—
108	55	Gardner (J.) 5p	101	+4	R1.25	2.3	1.7	35.0
55	29	Hourtlik Group 5p	53	+11	—	—	—	44.6
135	115	Leading Leisure 5p	126	+1	0.9	3.1	1.0	36.4
90	68	Lynx Tech. 5p	85	.....	—	—	—	9.8
82	17	Publishing Hldgs 5p	61	+1	—	—	—	35.3
87	45½	Theme Holdings	73	.....	1.0	1.9	1.9	39.1
186	140	UPL Group 10p	180	.....	L2.42	2.8	1.8	—
140	111	Unit Group	140	.....	N4.4	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	98	.....
Craig & Rose £1	738	.....
Finlay Pkg. 5p	110	–1
Holt (Jos) 25p	£10½	.....
IoM Stm. £1	265	.....
IRISH		
Fund 11¾% 1988	£100¾	.....
Nat. 9¾% 84/89	£96⅞	.....
Fin. 13% 97/02	£106¼	.....
Arnotts	375	.....
CPI Hldgs	85xd	.....
Carroll Inds.	188	–2
Dublin Gas	46½	.....
Hall (R. & H.)	150xd	+5
Heiton Hldgs.	60	–2
Irish Ropes	210	.....
Unidare	420	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd.	65
BOC Grp.	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	20	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	50
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	10
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	56		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday September 26 1987

Fiji army chief leads second coup

BY CHRIS SHERWELL IN SYDNEY AND ROBIN PAULEY IN LONDON

THE SOUTH Pacific island state of Fiji succumbed once again to military intervention *yesterday when Lt Col Sitiveni* Rabuka, head of the country's armed forces, staged the second coup in five months.

The move, designed to prevent the formation of an interim government, was deplored by the governments of Britain, the US, India, Australia and New Zealand.

Britain and New Zealand advised their citizens not to go to Fiji, which has been plunged back into a state of uncertainty about its future as it was about to take the first tentative steps towards a restoration of democracy.

The proposed interim Government, *organised by Ratu Sir* Penaia Ganilau, the Governor General, was due to meet for the first time on Monday. It would have brought together Dr Timoci Bavadra, the Prime Minister deposed by Col Rabuka in a coup on May 14, and Ratu Sir Kamesese Mara, whose long-running premiership was halted when *Dr Bavadra won the* general election in April.

Dr Bavadra's party was supported by Indians, who slightly outnumber indigenous Melanesians. His Cabinet was dominated by Indians, giving them political power for the first time. This sparked the coup by the predominantly Melanesian army.

This week's breakthrough when Dr Bavadra and Ratu Mara agreed on a bipartisan *approach to an interim Govern*ment of national reconciliation - provoked strong criticism from representatives of the Taukei Movement, an extreme grouping formed to promote the interests of ethnic Fijians.

By his dramatic intervention yesterday, Col Rabuka appeared to align himself with *this view. In a radio broadcast* he said the agreement to form the interim Government with portfolios shared equally between the two parties meant that the objectives of the May 14 coup could not be met.

He also repeated that he wanted constitutional changes to guarantee the interests of the country's ethnic Fijians.

There were unconfirmed reports last night that Dr Bavadra had been detained. Reports from Suva, the capital, said armed soldiers had ransacked his home and fired shots. The streets of Suva were reported deserted except for patrolling soldiers.

The military banned all Fijian citizens from leaving the country although all international flights would be allowed to land and take off in spite of an 8pm to 5am curfew.

Lt Col Rabuka cut public telecommunications links, closed the country's commercial radio station and two newspapers and cancelled sporting and entertainment functions. Shops and banks were also closed.

Last night telephone links were still cut. Mr Roger Barltrop, the British High Commissioner, has been on leave and was on his way back to Fiji.

Background, Page 2

London and Bonn split on missile cuts

BY PETER BRUCE IN BERLIN

GROWING DIFFERENCES between Britain and West Germany over how to proceed with disarmament once the US and Soviet Union agree to destroy their intermediate nuclear force missiles came into the open in Berlin yesterday.

The two countries are disagreeing about how quickly to try to move on to negotiating cuts in short-range nuclear missiles, with Bonn pushing for quick movement while the British favour *a timetable that would* concentrate on chemical and conventional weapons first.

Mrs Margaret Thatcher, the British Prime *Minister*, said at a meeting in Berlin of the International Democrat Union, a grouping of conservative party leaders from around the world: "It is vital that before another nuclear agreement we get down chemical weapons. We must go hard for parity in conventional and chemical weapons."

Chancellor Helmut Kohl, while acknowledging that the *Allied forces stationed in West* Germany were just as threatened by Soviet short range missiles as West Germans were, insisted nevertheless that "we do not want to stop at this (INF) agreement." He said Bonn would be talking to its "American friends" about further steps towards nuclear disarmament.

Along with Mr Jacques Chirac, the French Prime Minister, the British and West German leaders are the senior figures at the *International Democrat* Union meeting in the old German Reichstag, just feet away from the Berlin Wall.

Although the group expressed its "deep satisfaction" with progress towards an INF deal and supported efforts to get a 50 per cent cut in long range ballistic missile arsenals, it was much more reserved on short range missiles. A communique called merely for "efforts" to reduce the big Soviet advantage.

Senior West German disarmament experts say they fear the British *want to set too rigid a* disarmament timetable although they expressed relief that Mrs Thatcher appeared to have softened her opposition earlier this year to any further nuclear arms talks at all after the INF deal was completed.

About 1,300 Soviet Scud missiles, with a range of about 300 kilometres and based in eastern Europe, are capable of hitting only West Germany. Nato has, in answer, 88 Lance missiles, *which can fly about 200km.*

A close associate of Mr Kohl, referring to INF, said: "We cannot just say 'this is it'. We might have got stuck with the wrong nuclear weapons."

Bonn agreed with London that western Europe should not be left without a nuclear deterrent "but the question is 'What kind of nuclear deterrent?'. We want no 'no' to further negotiations and no rigid timetable," the associate said.

The Germans also worry that the Soviet Union will take the initiative and make a swift offer on the short range missiles after the INF talks have been completed.

*Such an offer would be politi*cally hard to resist in West Germany, especially as both right and left wingers have begun to press for short range talks. The German centre, around Chancellor Kohl, believes the Soviets would be quite comfortable giving up all their nuclear weapons because of their conventional superiority.

The Chancellor would prefer to negotiate a restructuring of Nato nuclear forces first - reducing the reliance on Lance and other nuclear artillery in favour possibly of airborne systems - before talking to the Soviets but this could take a long time.

Mrs Thatcher, who won support from Mr Chirac for her timetable, *also* said she would not rule out modernising Lance.

Continued from Page 1

Spending

view of the Cabinet's agreement to set a more flexible target for 1988-89. The aim now is to reduce the share of public spending in national income, which is growing strongly, rather than, as in previous years, concentrate on sticking to the previous planned total of £154.2bn.

The Treasury is confident of meeting the revised target and officials are said to be impressed by the tough line taken by Mr John Major, the Chief Secretary to the Treasury appointed in June, who is said to have proved adept at handling the detailed *negotiations*.

The Star Chamber arbitration committee, under the chairmanship of Lord Whitelaw, Leader of the Lords, will as usual come into operation in mid-October following the Conservative Party conference. The membership has not yet been finalised but is expected to include Mr John Wakeham, the Leader of the Commons, and, for the first time, Mr David Waddington, the Chief Whip.

There is likely to be considerable controversy over any changes in the health and social security budget. A new emphasis in Government policy is being underlined today by Mr John Moore, the Social Services Secretary, in a speech in London on the future of the welfare state.

His theme will be the need to reduce dependence on the Government in favour of greater independence. He will argue that the overwhelming majority of social care in Britain has never been done by the Government but by families and neighbours.

Equity & Law to recommend acceptance of new French bid

BY NICK BUNKER

THE FIRST takeover battle for *a British life assurance group* since the late 1960s seemed to be nearing an end yesterday when Equity & Law said it was to recommend acceptance of an increased offer from Compagnie du Midi, the French industrial holding company.

The new cash-and-shares bid from Compagnie du Midi values Equity & Law, the UK's 20th biggest life company, at £448m. The French group's first offer, on September 11, valued it at £403m, all in cash.

Sir Douglas Wass, Equity & Law's chairman and a former permanent secretary at the Treasury, said yesterday's announcement followed "an elaborate quadrille" of talks between the two sides. They focused on price and culminated in a four-*hour negotiating session* in London on Thursday.

Sir Douglas said Equity & Law's rejection of the first French bid had been "studiously worded" to be *less hostile* than its response to a rival bid from Mr Ron Brierley, the New Zealand financier. On September 4, Mr Brierley, who owns 29.9 per cent of Equity & Law, made a 365p per share offer valuing the company at £367m.

The Bank of England and the *Department of Trade and In*dustry are understood to have been kept informed of the discussions between Equity & Law, its adviser Baring Brothers, and the French group, in view of the unusual nature of a foreign bid for a quoted British insurance company.

Compagnie du Midi, which owns *Assurances du Groupe de* Paris, one of the biggest private sector French insurers, hopes to use Equity & Law as its flagship for expanding in the European life assurance field.

Mr Pascal Vienot, its chief financial officer, said it intended only "minimum changes" in Equity & Law's management: Sir Douglas and Mr Chris Brocksom would remain chairman and chief executive respectively.

Sir Douglas said he shared the French group's view that, in the future in financial services, "pan-European players will be the leaders."

Yesterday's fresh offer by the French group and its adviser Kleinwort Benson consisted of nine shares in Compagnie du Midi and £3,214 in cash for every 1,000 Equity & Law shares.

Based on the French company's Paris bourse share *price of* Ffr1,381 (£138), it values each Equity & Law share at 446p. There is a full cash alternative of 435p. Equity & Law's shares closed up 14p at 428p.

Mr Brierley is in Australia and could not be reached for comment.

Stock market opinion was mixed, with some analysts predicting that Mr Brierley might return with a higher offer. Mr David Nisbet, insurance analyst *with Wood Mackenzie, the* stockbroker, said Compagnie du Midi's offer was so generous that it would not see a return on its investment until the 21st century.

If Mr Brierley accepts the 435p cash offer for his stake, which he bought for about £90.6m, his company Brierley Investments could make a capital gain of an estimated £39m.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES							
Treas.11¾pc 2003-07	£112¼	+	7/32	Legal & General	380	+	13
BPB	351	+	11	Lloyds Bank	383	+	9
Baldwin	208	+	13	Pineapple	109	+	13
Bank of Scotland	618	+	20	RMC	499	+	15
Britannia Security	241	+	13	Reed Intl.	570	+	18
Cable & Wireless	485	+	15	Renishaw	275	+	12
Equity & Law	430	+	16	Trafalgar House	405	+	20
Fisons	347	+	12	United Scientific	297	+	13
Helical Bar	362	+	30	Vickers	224	+	15
Hepworth Ceramic	291	+	9	Wellcome	589	+	32
Hill Samuel	685	+	18	FALLS			
				TV-am	355	−	13

Deutsche Bank retains £335m stake in Fiat

BY ALAN FRIEDMAN IN TURIN

DEUTSCHE BANK of West Germany, which was asked a year ago to place $2.1bn (£1.3bn) worth of Fiat shares sold by the Libyan Government, still has around $550m (£335m) worth of the stock on its books, Mr Gianni Agnelli, the Fiat chairman, said yesterday.

Mr Agnelli made the disclosure in response to a shareholder's question at the annual meeting of IFI, one of the two holding companies through which his family controls 39.4 per cent of Fiat. When asked to comment on the consequences of the sale last year by the Libyan Arab Foreign Investment Company (Lafico) of its 15.19 per cent of ordinary voting shares and 13 per cent of preferred Fiat stock, Mr Agnelli replied that Deutsche Bank had "just below DM1bn (£335m) of Fiat shares."

The Deutsche Bank deal, the largest Euro-equity placing ever carried out, came under heavy criticism in the Euromarkets after the Fiat share price fell sharply and large amounts of stock remained unplaced.

Mr Agnelli said Fiat was "very happy to have Deutsche Bank as a shareholder and Deutsche Bank is happy to be such."

The Libyan share disposal totalled $3.1bn, one-third of which was bought by IFI and IFIL, the two Agnelli companies which together control the family's holdings in Fiat.

Deutsche Bank's present Fiat *holdings, based on Mr Agnelli's* disclosure yesterday, amount to around 2 per cent of Fiat's ordinary shares and 3 per cent of the company's preferred and savings stock.

At yesterday's closing price of L11,348 (£5.30) for Fiat ordinary shares, investors who bought the Libyan shares at L15,900 a year ago have suffered a book loss of 28.6 per cent.

Asked whether he now views Deutsche Bank as a permanent Fiat shareholder, Mr Agnelli said that depended on "market considerations and tax considerations." The Fiat shares held by Deutsche Bank were "a matter more for them than for me," he said.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Dallas†	F	16	61	Madeira	R	25	77	Prague	F	15	59
Algiers	S	36	97	Dublin	C	12	54	Madrid	C	19	66	Reykjavik	C	8	46
Amsterdam	F	14	57	Dubrovnik	F	25	77	Majorca	S	29	84	Rhodes	S	26	79
Athens	S	27	81	Edinburgh	F	11	52	Malaga	F	25	77	Rio de Janeiro		-	-
Bahrain	S	37	99	Faro	C	24	75	Malta	S	32	90	Rome	S	28	82
Barcelona	S	26	79	Florence	F	28	82	Manchester	F	13	55	Salzburg	F	18	64
Belfast	C	11	52	Frankfurt	R	15	59	Melbourne	F	27	81	San Francisco†	C	14	57
Belgrade	C	21	70	Geneva	R	15	59	Mexico City		-	-	Santiago		-	-
Berlin	Th	13	55	Gibraltar	F	26	79	Miami†	S	25	77	Seoul	C	18	64
Biarritz	R	26	79	Glasgow	F	12	54	Milan	S	23	73	Singapore	S	32	90
Birmingham	F	13	55	Guernsey	F	15	59	Montreal†	C	6	43	Stockholm	C	11	52
Blackpool	S	13	55	Helsinki	R	8	46	Moscow	S	17	63	Strasbourg	F	17	63
Bombay	F	31	88	Hong Kong	C	29	84	Munich	F	17	63	Sydney	S	25	77
Bordeaux	F	25	77	Innsbruck	S	19	66	Nairobi	F	27	81	Tangier	F	26	79
Boulogne	F	16	61	Inverness	C	9	48	Naples	F	28	82	Tel Aviv	S	29	84
Bristol	S	15	59	Isle of Man	F	12	54	Nassau		-	-	Tenerife	F	33	91
Brussels	S	15	59	Istanbul	S	22	72	Newcastle	F	13	55	Tokyo	F	26	79
Buenos Aires		-	-	Jersey	S	17	63	New Delhi	S	36	97	Toronto†	F	5	41
Budapest	C	17	63	Johannesburg	S	23	73	New York†	S	11	52	Tunis	F	33	91
Cairo	S	30	86	Las Palmas	F	27	81	Nice	S	25	77	Valencia	S	29	84
Cape Town	F	16	61	Leeds	F	13	55	Nicosia	S	29	84	Venice	S	24	75
Cardiff	F	15	59	Lisbon	F	23	73	Oporto	F	22	72	Vienna	F	20	68
Chicago†	F	7	45	Locarno	F	20	68	Oslo	S	12	54	Warsaw	F	15	59
Cologne	F	17	63	London	F	16	61	Paris	F	15	59	Washington†	C	16	61
Copenhagen	F	11	52	Los Angeles†	C	19	66	Peking		-	-	Wellington	F	11	52
Corfu	S	28	82	Luxembourg	F	12	54	Perth	C	19	66	Zurich	C	17	63

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

Continued from Page 1

Baker seeks IMF impetus

ment outside the US which would strengthen the prospects for faster growth.

At the same time they will point to an improving pattern in the volume of trade flows as evidence of an improvement in the underlying *trade position of the* US.

However, senior monetary officials concede that even if, as expected, the seven today re-affirm February's Louvre accord on currency stabilisation, its continued success will depend on a visible improvement in the nominal US trade deficit over the next few months.

Mr Gerhard Stoltenberg, West Germany's Finance Minister, and Mr Nigel Lawson, Britain's Chancellor, will also press Mr Baker to secure a credible reduction in the US budget deficit next year to underpin the accord.

Mr Stoltenberg said yesterday that he hoped this week's congressional resolution on the budget would mean a further substantial reduction in the deficit in 1988.

The West German Finance Minister, who is leaving Washington tomorrow, played down suggestions that the Bonn Government was under intense pressure from the US to take further action to stimulate its economy.

He said the impact of West Germany's tax reform would take time to feed through into a stronger growth performance.

Mr Kiichi Miyazawa, Japan's Finance Minister, who held bilateral talks with Mr Baker yesterday, plans to use the IMF meetings to give Japan a higher profile in the handling of the debt crisis.

BP predicts profit rise of 77% to £1.45bn

BY Lucy Kellaway

BRITISH PETROLEUM yesterday predicted a 77 per cent increase in its 1987 historic cost profit to £1.45bn and a 0.3p rise in its final dividend to 8p, smoothing the way for the record £7.5bn share sale due on October 15.

Mr David Simon, a managing director of BP, said the forecast reflected stronger profits from oil exploration and production caused by higher oil prices, which had also put pressure on margins in oil refining and marketing.

Announcing the publication yesterday of the "pathfinder" prospectus, Mr Norman La*mont*, *Financial Secretary to* the Treasury, *said* the issue would be a "major step" in widening and "deepening" share ownership, *with* 4.5m people already having registered their interest in the sale.

Mr Michael Richardson, managing director of N. M. Rothschild, adviser to the Government on the sale, said private investors could expect a "meaningful" allocation of shares, in contrast to recent privatisation *issues where the allotments* have been small.

About half of the issue is expected to go to the private investor as a result of special "clawback" arrangements which will scale down the institutional and overseas allocation by about 20 per cent if there is heavy public demand for the shares. Mr Richardson said that just under £4bn would be enough to satisfy private investor demand, judging from the current level of inquiries.

The shares will to be payable in three roughly equal instalments. The 8p dividend was likely to create a yield on the first instalment of more than 10 per cent, Mr Richardson said. A premium on the partly paid shares of about 25 per cent could be expected, he said, on the assumption that the shares were priced at a discount of about 5 per cent to the existing price.

BP also announced yesterday that its total published gas reserves had been cut by nearly 40 per cent as a result of the reclassification of 5,661bn cu ft of Alaskan gas. The company said the move did not reflect a technical re-evaluation of the reserves, but continuing *uncertainty about the timing of* transporting and selling the gas.

Analysts pointed out that the change did not reflect any fundamental downgrading of reserves.

More details, Page 9

EC states accused on sanctions

By Quentin Peel in Brussels

EUROPEAN Community states have failed to enforce their own trade sanctions against South Africa, according to a report to be presented to the Danish Government, currently in the chair of the EC Council of Ministers.

The figures, collected by two Dutch Socialist members of the European Parliament, show member states like the UK and West Germany continued to import iron and steel products *from South Africa, 10 months af*ter they agreed to restrict them.

The steel ban, agreed in September 1986, affects only some 40 per cent of the total EC iron and *steel imports* from South Africa, including items such as pig iron, cast iron, steel plate, slabs, bars and rods. Ferro-alloys are, for example, excluded.

The statistics show UK imports of the banned products still totalled Ecu9.2m (£6.4m) in the first seven months of 1987, compared with Ecu10.4m in the same period of 1986. West Germany did cut back to Ecu12.8m worth in the first seven months of this year, compared with *Ecu24.8m* in the same period of 1986.

British officials yesterday denied there was any evidence of UK importers disregarding the ban, suggesting the continuing imports must be coming in under long-term contracts signed before the trade sanctions were agreed.

VCR dumping inquiry, Page 2

THE LEX COLUMN

Slick work on the BP sale

With BP's profit and dividend forecasts out of the way - con*servatively pitched, but unsur*prising - there is only the price to come. The shape of the offer is by now clear enough, pointing to a discount for the small investor and a premium for the institutions. The bait is not merely the yield of three times the going rate on the partly paid, but the notional value of the second and third instalments held on deposit. That might not appeal to the small investor, for whom the first instalment may be *a discrete investment; but* since it will hold good for institutional core holders who intend to pay all three, it *should* be reflected in the price from the outset.

Taking a market price of 380p as illustration (yesterday's close was 374p), a 20p discount for the small investor would give three payments of 120p each. Adding, say, 10p for the time value of money (or an option or warrant premium, however one chooses to look at it) would give an opening price for the partly paid of 150p - a handsome enough premium. Since that profit can also be taken in the form of the dividend by holding on, the exercise is neatly devised for the share-owning democracy. Since the fully paid equivalent would then be 380p against the 380p market price, it should look good to less numerate members of the Public Accounts Committee as well.

Equities

The equity market's relaxed attitude to the dreadful balance of payments figures suggests an underlying confidence which is remarkably difficult to detect on the surface. Assuming the market still believes economic statistics have some use, the widely proclaimed short-term caution could start eating into the reserves of longer-term optimism.

The cynics, with their resilient faith in the Government's ability to pluck figures out of the air, are already insisting the September trade figures - coming just before BP - are bound to counter the unsettling trend. If they are wrong there is a real

FT Index rose 19.7 to 1831.6

fear that the mere talk of further interest rate rises to protect sterling will deliver another *violent* kick to the gilt market, unless countered by the hint of a zero PSBR. While a far greater divergence between gilts and equities can be tolerated these days, there is a limit to the stretch.

At least the long foreshadowed September indigestion has not noticeably disrupted the autumn rally; institutional cash flow seems to rebuild fast enough to swallow the cash calls, even without the help of *large cash takeovers. BP has* been so long discounted that it may prove more of a tonic than a burden.

Takeover conduct

Compagnie du Midi's new agreed offer for Equity & Law looks set to succeed. Furthermore, the whole business, from the time Mr Brierley began to buy his stake, has been conducted in a model manner. At all *stages, Equity & Law sharehold*ers have been rapidly informed and advised by their board and at the end shareholders have received an offer, 435p in cash or more in shares, higher than they might have dared hope. Even Mr Brierley will have made a substantial profit.

The contrast with other recent takeover tangos could not be more marked. In the case of Storehouse, shareholders were left in the dark while the share *price rose until Mountleigh's* confession that it was interested in making a bid. They knew no more for weeks until it was revealed on Monday that discussions about a 420p offer had got nowhere. On Thursday Storehouse rejected Mountleigh's last chance 445p offer and the shares closed yesterday at 349p.

At Hill Samuel, weeks of discussions in private with UBS raised all sorts of hopes, and the shares with them, only to be dashed. Since then, continued rumours and no hard facts have kept the shares moving and they rose 18p yesterday to 665p. Worst of all is the Equiticorp/Guinness Peat saga where, at times, the actions of some of the latter's board have been at variance with the advice to shareholders. *Only* Mr Robert Maxwell has shown any sympathy to ordinary shareholders in his public-spirited decision yesterday not to confuse matters more. The common *thread in* these three cases has been that too much has been done in secret. Shareholders have a need and a right to know what is happening to their company.

Royal Life

There is an old story of an advertisement *in* an American newspaper which read 'last day to send your dollar'. An address was appended at *which thousands* of single dollars arrived by the next post. It is fairly safe to assume that newspaper readers are less gullible these days and that last Wednesday's advertisement from Royal Life, headlined 'seven days left', will not elicit the same mindless response.

Royal's advertisement appeared to suggest that those who failed to reply by next Wednesday afternoon would miss 'one of the most exciting and versatile investment opportunities ever seen'. Earlier ones for this 'Royal Event' had cleverly played on the privatisation type of offer for sale. A little careful reading revealed what was on offer were unit trusts *and that all a late purchaser* would lose was a 1 per cent discount on the initial investment.

Market research conducted *by Royal, on a sample of 180* people, argued that while the majority of those intending to apply for BP shares were expecting to make an instant profit, only 5 per cent of Royal's investors hoped for a quick return and 62 per cent positively preferred unit trusts.

Royal looks set to receive the £300m of new money it hoped to attract through its £6m campaign. That makes Britannia's purchase of County's £400m of unit trusts for £40m look an expensive deal, though Britannia was buying more than just money. Presumably a few more advertisements like the Royal's will soak up the pool of potential unit trust buyers and bring the two ratios closer together.

WEEKEND FT

September 26/27 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

An expedition containing three Britons will soon try to make history by climbing K2, the world's second-highest peak, in winter. **Peter Gillman** reports

The most savage mountain

OF ALL the great peaks of the Himalayas and the adjoining ranges, none now has a more chilling resonance of horror than K2. The world's second-highest mountain (although that in itself is the subject of debate), K2 achieved abrupt notoriety last summer when 13 climbers were killed trying to reach its summit. Five died in especially gruesome circumstances, trapped in their high-altitude camp by a storm that raged around them for a week. They included the remarkable Julie Tullis, at 47 Britain's most successful woman mountaineer, and the gifted Alan Rouse, whose companions were forced to abandon him as he lay delirious in his tent.

It might be thought that disaster on such a scale would dissuade mountaineers from ever venturing on K2 again. Not so: they tend to regard accidents as events that occur to other people and, in any case, are voracious in consuming details of mishaps for whatever morale they might yield. Even so, the plans of the newest expedition preparing to depart for K2 appear particularly audacious. It has climbers of three different nationalities and its aim is nothing less than to climb K2 in winter, when the winds that roar around the summit can reach 100 mph and the temperature can plunge to 50 degrees below zero.

The history of winter climbing in the Himalayas is both brief and discouraging, and no such attempt on K2 has ever been made. One man with particular reason to be wary is John Barry, co-leader of last year's British K2 expedition. That Barry, 42, should now return in such daunting circumstances indicates the lure that the most dangerous peaks hold.

K2 is endowed with quite spectacular beauty, seeming to rise sheer from its glacier like some gleaming cathedral, with tier upon tier of buttresses and snowfields culminating in the perfect apex of its summit. Julie Tullis regarded it as if bewitched, called it her "mountain of mountains" and being drawn back time and again. Yet Barry can offer scant explanation for his decision to return. On reaching home last summer, he vowed he would never climb on K2 again. "I felt that way for three or four months," he says. "Then I was offered the chance of going back. I felt I had no choice."

Barry's colleague on the new expedition, Roger Mear, 37, also knows something about climatic extremes. Two years ago, he was leader of the three-man team which retraced Captain Scott's route across Antarctica to the South Pole, completing the trek after a 70-day battle against bitter cold, scouring winds and fractured terrain.

Mear—a fine-arts graduate, and a talented writer—also made the first winter ascent of the demanding Cassin ridge on Alaska's Mount McKinley, surviving temperatures of minus 60 degrees Celsius which shattered plastic boots that supposedly were invulnerable to cold. Even K2 in winter, Mear hopes, will not hold such terrors. "We can only guess and surmise from people's experiences in similar conditions, like McKinley," he says. "But what we hit in the Antarctic in winter is likely to have been considerably worse in terms of temperatures."

The fact that Barry and Mear, together with a third British climber, 26-year-old professional guide Mike Woolridge, are bound for K2 is not solely a tribute to the human capacity for optimism. It also owes much to their faith in the expedition's leader, one of the most respected figures in the mountaineering world. He is Andrzej Zawada, a Polish climber who, at 59, is six years older than Chris Bonington—Britain's senior mountaineer still active at the highest level—and yet looks little more than 40. Zawada's reputation is ideally suited to the K2 attempt, for it rests on his pioneering approach to winter mountaineering in the highest ranges.

There have been around four dozen winter expeditions to the world's 14 peaks over 8,000 metres. Only 12 of these attempts succeeded and Zawada led two of them, including the first winter ascent of Everest in 1980. His second success was on 8201-metre Cho Oyu in Nepal, in 1985. In addition, Zawada led the first winter ascent of any peak above 7,000 metres; Noshaq (7,492 metres) in the Hindu Kush, as long ago as 1973—a climb which is reckoned to have heralded the era of winter mountaineering.

Zawada's successes have been won through meticulous preparation and thoroughness, and an almost obsessional attention to safety. He has led six expeditions in all, summer and winter, and has lost just two climbers in that time. Those deaths still grieve him, for both men violated his express instructions by climbing unroped.

Zawada first thought of attempting K2 in winter following his triumph on Everest (after the world's highest peak, the second-highest was, after all, the logical goal). K2 stands athwart the Pakistan/China border and Zawada decided to follow the example of most previous expeditions in making his bid from the Pakistani side.

Mountaineering in Poland benefits from the same pitting of national resources as athletics in East Germany, and in 1982 Zawada visited K2 merely to reconnoitre the approach route along the Baltoro glacier. He concluded that snow would render it impassable for the local Balti porters in winter so that equipment and supplies would have to be transported in autumn, three months before the climbers themselves went in. The loads themselves would be awsome: around 13 tonnes, requiring up to 600 porters in all.

It was, in part, the sheer scale of Zawada's venture that dictated the intriguing composition of the expedition, with the 10 Poles complemented by six Canadians and the three Britons. Ideals of international cameraderie apart, the truth is that the Poles needed Western mountaineers to join them, for two principal reasons. The first is that they bring the pounds and dollars needed to pay the bills in Pakistan, from the £3,300 "peak fee" charged by the Government to the £35,000 in wages for the porters to carry in the equipment, and the same amount to bring it out again. Second, the British and Canadian contingent can contribute hi-tech equipment which is more advanced than any available in Poland; that led directly to Zawada's invitation to John Barry to join the expedition.

On top of that—and as well as a roster of climbs on American peaks from McKinley (Alaska) to Aconcagua (Argentina)—the Canadians have brought to the venture considerable expertise in media rights. They have arranged for a film to be made and have won permission from the Pakistan Government to instal a satellite dish at base camp, enabling them to transmit news reports and even hook up with climbers on the summit.

Barry, a former army officer who commanded the Marines' mountain and Arctic warfare cadre, and now a full-time mountaineering writer and lecturer, is also a consultant to the British equipment company, Karrimor. Among its most prized products is its coming range of Sympatex clothing, made of an artificial textile from the West German firm Enka. Like a similar fabric, Goretex, it bars moisture from outside, yet still allows condensation to escape. British hillwalkers, used to being drenched and chilled by their own sweat, know what a boon that is; on K2, it will literally be vital.

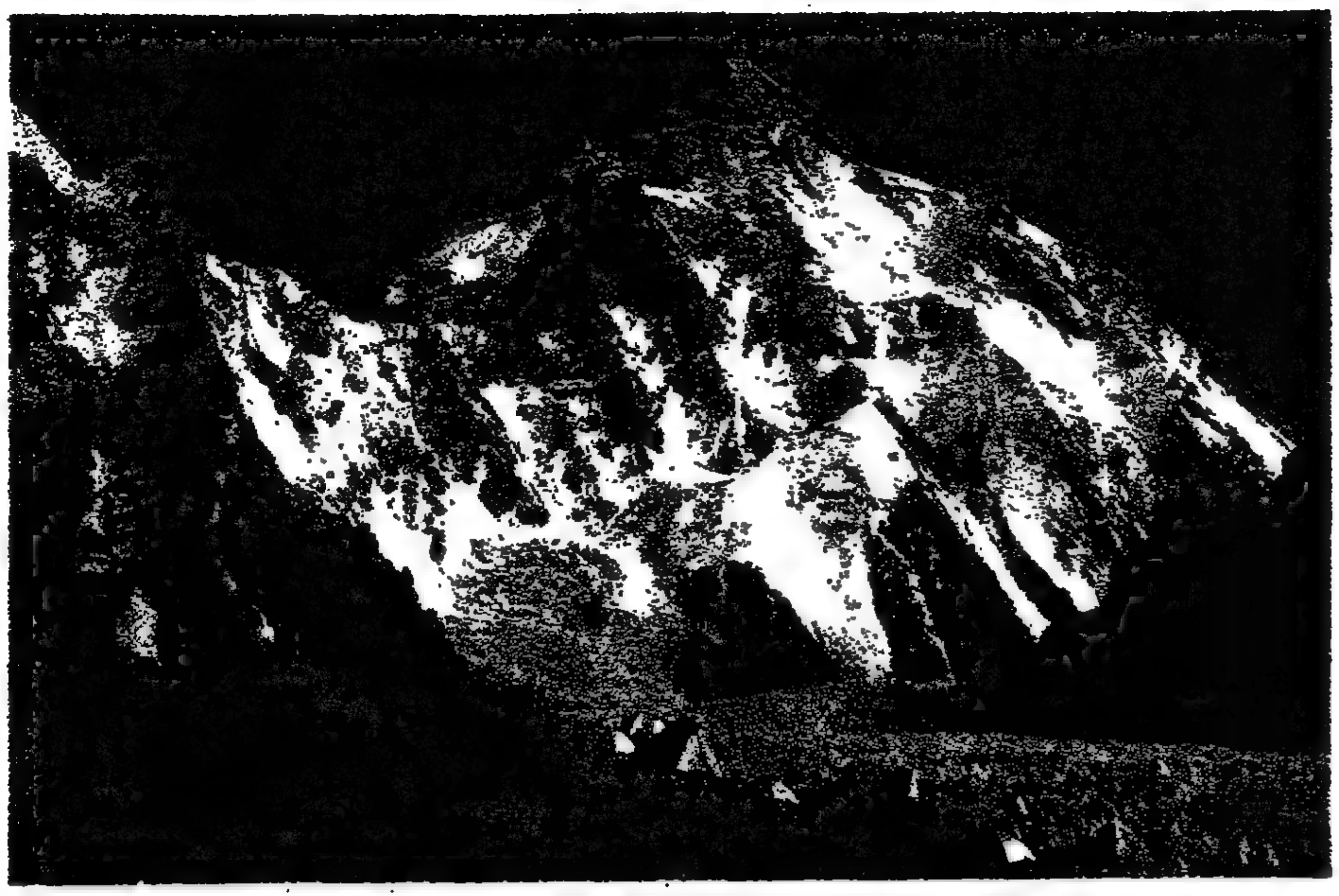
Karrimor also is supplying lightweight rucksacks, and other equipment includes French One Sport foam-lined boots; oxygen from the Essex company Life Support Systems (a British Oxygen subsidiary); and Wild Country bivouac tents, now being tested to destruction in the wind tunnel at the Farnborough aeronautics research establishment. Despite all this, the history of British mountaineering sponsorship is somewhat chequered. Barclays is considered to have had good value when it provided £130,000 for Bonington's ascent of Everest's south face in 1975, receiving widespread publicity and recouping much of its outlay from media rights. Less fortunate was Fuller's Brewery, which outlaid £30,000 for last year's British K2 expedition and afterwards pressed ahead with launching its K2 Lager, despite the unhappy associations of the name.

Not all of the new expedition's ambitious financial plans have yet come to fruition. Although the equipment manufacturers have rallied to the cause —and the Pakistan airline, PIA, has promised free flights—the British trio are still conducting a search for a major sponsor which, according to Mear, would make all the difference to the scale of their participation and their chances of success. With more than two months before they are due to depart, he remains hopeful.

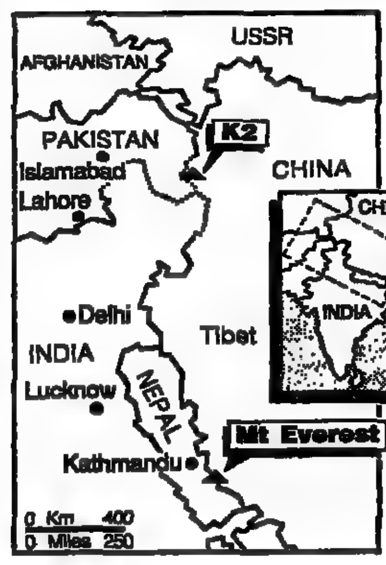
Whatever the outcome, the British climbers are determined to go to K2 literally at all costs—even if, Mear says, he finishes up vastly in debt as he did after his Antarctic trip. The 600 porters have already embarked for base camp and the British climbers are due to arrive in December. It will come as a relief, all three say, to be finished with organising and marketing and to concentrate on the task in hand.

K2's reputation as one of the most formidable objectives in mountaineering rests not only on last year's tragedies but also on the failure of six expeditions this summer to reach the summit (at a cost, mercifully, of just one death). The crucial decision for this winter's expedition concerns which route to attempt, and there are two main contenders.

One is the Abruzzi ridge. This is the route climbed most often—indeed, nine of last summer's deaths occurred there —but it might be exposed most savagely to the wind. The other is the south face, which has had only one previous ascent but is likely to offer more shelter. Just how intense the wind will prove is something of a lottery: it depends on how far the jet stream descends and where its full force strikes.



THE MOUNTAIN known as K2 (above) owes its name to the fact that it was the second of 35 peaks in the Karakoram range of the western Himalayas to be measured in 1856 by a British surveyor, Colonel T. G. Montgomerie. It was first surveyed five years later by Lieutenant-Colonel Henry Godwin-Austen, after whom it once was known unofficially. Although the fashion today is for adopting local names for Himalayan mountains—Everest is now also Chomolungma, Tibetan for "goddess mother of the world" — no agreed alternative to K2 has been found despite such names as Dapsang, Chiring, Chogo Ri and Lanfafahad being proposed and rejected. K2 was climbed first by Italians in 1954. In all, 65 people have reached the summit and 26 have died in the attempt — including the first and only British climbers to suceed, Alan Rouse and Julie Tullis.



To give it spice, the expedition has one enticing anciliary aim. Last year, the mountaineering world was startled by claims that K2's long-accepted height, 28,250 ft, was wrong—so wrong, in fact, that K2 and not Everest could be the highest mountain. The claim was made by a US mountaineer who had taken a satellite transponder to K2 and calculated that it stood at 29,064 ft—36 ft above Everest. Although the claim made headlines, the cognoscenti remain sceptical.

In addition, today's cartographers are lavish in their praise for the original Indian surveyors, dating back to the mid-19th century, whose work has proved remarkably accurate. An error of 20 or 30 ft, it is said, would be plausible—but not one of fully 800 ft. In the spirit of science, nonetheless, the expedition is taking with it a "laser survey prism"—a reflective device used for satellite measurements—which a Californian expert has asked the climbers to place as high on K2 as they can. How high that proves to be, Mear says, "depends on how heavy it is."

As for the expedition's overall chances of success, Mear is refreshingly frank. "It's a pretty big undertaking, and if it's successful it would be significant in mountaineering terms. That means that the chances are limited—but that's what mountaineering is about. I wouldn't be going if I didn't think it was possible to do it—and that it's reasonable for me, and the rest of the team, to attempt it."

"With Zawada's record," adds Barry, "we've got a good chance of getting up. Otherwise I wouldn't be going, either—I don't think so, anyway."

The Long View

Predators with pretty phrases

Long-term decisions on corporate affairs should be made by long-term investors, says Barry Riley. To that end, he puts forward three ways to protect shareholders from speculative cowboys

CONFUCIUS, he say the greatest column begins with a single word. In this case, the word is "investment."

They are still doing it. Predators (or potential predators) taking positions in companies are issuing statements saying they are treating such a stake simply as "an investment."

It takes me back to the vintage days of Jim Slater early in the 1970s when the king of the takeover business and his many satellites and lieutenants were in the regular habit of making such "investments."

Later, in semi-retirement, Slater disarmingly gave his reasons for overworking this phrase. Such an assurance, he explained, appeared to keep people happy without actually meaning anything or imposing any restriction whatsoever on his subsequent behaviour.

We have arrived at an unfortunate state of affairs if the word "investment" lacks meaning, although I suppose it is implied that investment is for the long term. This is not a skill practised by asset-strippers, arbitrageurs or operators seeking to put companies into play.

Another memorable Slater saying was that a long-term investment was a short-term investment that had failed to come off. Yet I cannot recall a predator making a statement to the effect that he had bought a stake as a speculation.

Are speculators so bad, though? The textbooks say they are vital to the smooth operation of many kinds of markets, in that they create constant activity and oil the wheels of the system.

Britain's Stock Exchange has long encouraged such short-term punters by maintaining a fortnightly account system through which "investors" have been able to buy and sell without payment until settlement day.

This arrangement is now under threat in favour of prompter payment methods; but perhaps the equity market is now much better endowed with formal market-making firms which apparently speculate among themselves on a huge scale, so the need for unauthorised activity in this area has diminished.

The theory is that a certain level of speculative business by short-term operators is necessary in order that adequate liquidity can be maintained for the long-term investors.

This is all very well if both categories of investor — the long-term and in-and-out varieties—are taking the company's independent status as given. Very often, though, the big punters are seeking to trigger a takeover offer. If one comes, long-term investors may also be induced to accept the quick profit—but it is not their primary objective.

In the US, in particular, risk-averse investment institutions tend to sell out of a contested offer at an early stage. More than half the equity capital of a victim company in such circumstances can easily pass into the hands of short-term operators, and the independence option vanishes.

Perhaps the wounds inflicted upon Wall Street's arbs have reduced their power over the past year. The point remains, however, that speculators in such circumstances are not boosting liquidity but are influencing structural changes in the corporate sector.

There surely is a mismatch here. Long-term decisions should be made by long-term investors. The theme is familiar enough: how much better it would be if shareholders showed commitment and support, to the extent of playing a positive role in times of difficulty rather than cutting and running.

This is not the way that institutional investment is developing at present. Quarterly performance assessment, quantitative (ie, computer programme-based) portfolio construction techniques, and growing time pressure on fund managers are making it improbable that big investors will stay around hoping for better times around the corner.

Germany and Japan provide examples of a different approach. In those countries, there are plenty of long-term shareholders and absolutely no signs of frivolous take-overs.

On closer inspection, though, the results are not all good. Too many of the big shareholders are banks locked in by capital gains tax and intent on maintaining the historical banking relationships.

In Germany, the outcome has been stock market torpor and a resistance to new ideas. In Japan, a small speculative fringe has been left to dominate proceedings and the long-term holdings are so stable that there is a severely restricted supply of stock, helping to produce one of the biggest stock market bubbles of the century.

A traditional solution to the problem of how to curb cowboy investors has been for companies to rig the power balance by varying the voting rights of different share classes.

After all, if most shareholders behave like dummies, why not give them an appropriate legal status within the company? But this is dangerous ground, and voteless shareholders are wide open to exploitation. Managements must not be allowed to dig themselves in behind a barricade of high-voting shares.

Here are three half-serious suggestions. One is that if companies are to be allowed to adopt a differential voting structure, they should do so only by establishing a new class of trustee shareholders. These would be independent of the management, would take on certain defined long-term responsibilities, and would be rewarded by means of a 50 per cent higher dividend.

Idea two is that no shareholder should qualify for a vote until he has retained his investment for a year. Arbs piling into a bid situation would therefore not influence the outcome. Contested takeovers would still be possible, but only if the bidder were able to convince longer-term shareholders of the merits of the deal.

Finally, any shareholder with a disclosable stake who describes it as "an investment" should be required by the takeover panel to retain it for a minimum period of five years or until the price of the shares has halved, whichever shall be the shorter.

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Impressive complacency

THE US stock market staged a spirited attempt at a rally this week. The bulls, who have been grubbing for a floor to stock prices throughout the month-long market decline, thought they had found the bottom on Tuesday. They bought every blue-chip stock on the board, pushing the Dow Jones Industrial Average up 93 points in two days until the anxieties of bond investors spilled over into the stock market on Thursday. But optimism still pervades the equity market, in sharp contrast to other US financial markets which are downright bearish about inflation, the dollar exchange rate and the stubborn persistence of the trade deficit.

The stock market's complacency is impressive. Since traditional stock valuation on the basis of earnings power went out of favour somewhere about 2,400 on the Dow, the predominant grounds for optimism are technical or psychological. The argument is that the 6-odd per cent fall from the Dow peak of 2722.42 on August 25 has winnowed out the excess confidence, calmed institutional investors, and created a platform for a better-equipped assault on the 2,700 level. The Dow should then move to 2,900 by the end of the year or even, some say, to 3,000.

This week showed that optimism in action. After four days of falling prices, the bulls were raring to go on Monday. In the first few minutes of trading, the index was up over 20 points. But then the dollar started falling on the foreign exchanges, commodity prices ticked up, and the bond markets fell prey to fears of higher inflation and interest rates. By late afternoon, the stock market was tumbling and the Dow actually fell through 2,500 to close at 2492.82, a level last seen in July.

On Tuesday, though, they were at it again, adding 75.23 points to the Dow, its largest single-day gain in points. The increase was a little more tentative than the raw numbers showed. Volume was fairly heavy, even by this year's standards—209.5m shares—but a good chunk of that was in a single stock, Newmont Mining. To rescue the New York gold and resources group from a tender offer launched by T. Boone Pickens, Consolidated Gold Fields of the UK sent

Wall Street

First Boston into the market to buy every Newmont share it could find. In heady trading, 18.9m Newmont shares changed hands, over 15m to Gold Fields' account.

Wednesday brought more of the same, except that the rally was a little broader based: 220.3m shares were traded and the Dow climbed 17.62 points. But on Thursday, the credit markets were distressed by a report that the Bank of Japan might tighten monetary policy, sending up Japanese — and by extension, US — interest rates. With many traders absent for the Jewish New Year, turnover on the stock markets was light but the Dow still shed 19.25 points to 2566.42.

In normal times, the bond market is of primary importance to stocks. Bonds with high yields are not only a competing investment to stocks, the bond market also sets the interest rates that determine the cost of buying stocks and crucially affect corporate profits. Yet, at least since the second quarter of last year, the two markets have been going in different directions: the stock market has provided a 10 times better return.

Some analysts, such as Jeffrey Applegate of E. F. Hutton, believe that the stock market is going to need some recovery in the bond market if it is to advance. "Stocks will still be pretty choppy," he says, "until the bond market has evidence that the trade deficit is turning." However, other analysts — possibly a majority — feel that again the momentum could be great enough to send stocks higher, even as interest rates plod on up.

This week did show how severe a stock market fall could be when an important and highly valued industry—retailing — went out of favour with a bang. The Gap, a fast-growing 600-store chain selling casual clothes, lost a third of its market value between the close two Thursdays ago and yesterday. Having traded as high as \$77½ before the shake-up in August, The Gap was trading at \$36¼ yesterday.

The Gap has problems of its own. The company's chairman, Donald Fisher, confirmed at the weekend that third-quarter earnings would be down. The group seems to be poised uneasily between a youth market and more sophisticated customers, its autumn range looking dowdy, and inventories were ballooning.

Suddenly, the market was talking p/es. This method of valuing companies, whereby you divide the company's stock price by its per-share earnings, had all but gone out of fashion. It was almost refreshing to hear people say that The Gap, on a peak price/earnings multiple of 39, was impossibly over-valued, even for a growing company with an admired management. The Gap now stands at a small premium to the market on a multiple of 19, which is considered positively modest.

MONDAY	2492.82	−31.83
TUESDAY	2568.05	+75.23
WEDNESDAY	2585.67	+17.62
THURSDAY	2566.42	−19.25

James Buchan

Tales of the unexpected

AFTER RECENT signs that West German equities were about to embark on an early hibernation, after drifting listlessly through the summer, there was a surge of unexpected company news this week.

The surprises came in a small number of individual stocks rather than across the equity board; but the developments at Continental, the tyre group, Asko, the fast-expanding food retailer and Volkswagen, Europe's biggest car manufacturer, were enough to focus attention on German equities in general.

Moreover, the dollar's recovery after its earlier brief dip below the decisive DM 1.80 mark added a little lustre to a market which still depends very much on foreign equity buyers.

The comments by Horst Urban, Continental's chairman-designate, that earnings per share look set to rise by about 10 per cent in 1987 and 1988, pleased a market that had generally been expecting a dilution after the group's \$850m takeover of General Tire in the US.

Continental is planning a substantial capital increase to finance the deal. First come 1.2m new shares, raising around DM 400m and which are earmarked for foreign investors at a level near the market price, then a two-for-13 rights issue for existing shareholders.

Surprisingly, Continental's share price reacted badly to the news, falling DM 6.40 to DM 335.50 on Tuesday's earnings forecast, although it picked up later.

Barely a day seems to go by in Germany without Asko announcing some new event—usually acquisitive. This week's surprise was that it wants to increase the 24.99 per cent stake it bought in July in Massa, a rival discount chain, to a ceiling of 49.9 per cent.

Asko's plans came hard on the heels of press reports that its Massa holding would be reviewed by the West German federal cartel office. Massa has bought a 10 per cent stake in Asko, and Asko's chairman, Helmut Wagner, took over the chairmanship of Massa last month.

The rumour of an investigation was enough to wipe DM 61—or nearly 7 per cent—off Asko's share price, which fell to DM 837 at Monday's close.

However, many analysts were left scratching their heads in wonder at the seemingly perverse news that Asko wanted to raise its Massa stake, triggering an automatic cartel office review.

Most convincing among the many theories is that Asko is confident it will get the green light. It claims that an internal study has shown that in only three locations would the two companies' combined market share reach 10 per cent—well below the 33 per cent level considered uncompetitive under German law.

The four months an investigation could take is obviously an inconvenience, but Asko probably reckons it has at least forced the cartel office's hand.

On Wednesday came Germany's third major corporate surprise. Gerhard Stoltenberg, the federal Finance Minister, announced unexpectedly that the Bonn Government might, after all, sell off its remaining 16 per cent stake in Volkswagen this year.

The stake, now worth around DM 1.8bn, was always supposed to be sold in 1987 until the shock news in March that VW had suffered a DM 473m foreign exchange fraud.

Not many weeks later, a clearly angered Stoltenberg acknowledged that selling the holding would probably have to be postponed until 1988. Now he says that VW's finances have stabilised, meaning a sale might take place this year after all.

In a week of curiously timed announcements, Stoltenberg's was the oddest, coming, as it did as the dust had barely settled on the first day of court

Frankfurt

hearings in Frankfurt in the case between VW and the National Bank of Hungary over DM 382m in foreign exchange losses.

But the Government's priorities have altered in the few months since Stoltenberg's original postponement warning. The Federal Government deficit now looks set to rise by DM 3bn to some DM 29bn — well above target — so the proceeds from its VW shares could help to keep the deficit down.

However, investors took unkindly to the news of a potential sale and on Wednesday VW stock closed down DM 9.50 at DM 385.50.

There might now be a cloud overhanging VW stock until Stoltenberg sets out the Government's intentions clearly. Unfortunately, that will not be possible until his return from the annual IMF-World Bank meetings in Washington at the earliest.

Overall, the better news on the economic front, which helped the equity market to pick up sharply at the end of the second quarter, has evaporated somewhat since. The outlook for third-quarter gross national product looks less promising, while the continuing shortage of corporate news in the run-up to companies' autumn year-end forecasts means the market has tended to lack direction.

In fact, equity turnover on the eight bourses exchanges hit a year's low on Monday with a mere DM1.09bn in shares changing hands. This week's corporate events helped things to perk up a bit, but the immediate outlook looks distinctly flat.

Haig Simonian

Reforms boost Inchcape

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 High	1987 Low	
FT Ordinary Index	1,831.6	− 1.6	1,926.2	1,820.2	Sustained run checked by trade figs
FT Govt Secs Index	85.45	− 1.20	93.32	84.49	UK bond auction/trade figures
Amstrad	195	+18	225	129	New PC launch/int figures Tuesday
Argyle Trust	198	+42	198	88	Capital injection hopes
Bank of Scotland	618	+50	620	395	Better-than-expected interim figures
Bejam	247	+16	284	158	Revived takeover speculation
Cable and Wireless	485	+38	488	323	Japanese telecom licence hopes
Christie's International	718	+38	728	315	Excellent interim results
Eric	400	+120	400	155	Bid from TR Energy
Higgs and Hill	400	+46	424	268½	Persistent demand
Laporte	569	+27	589	403	Broker's "buy" recommendation
Marina Developments	618	−25	788	80	£37.7m rights issue to fund acquisitions
Minet Holdings	405	−28	443	236	Static half-year profits
Pearson	915	+124	922	546	News Corp acquires 14.7% stake
Peters (Michael)	225	+24	225	110	Preliminary profits rise 72%
Powerline	170	+17	170	92	Agreed bid from Chloride
Ratners	389	+24	404	226	Growth prospects after US expansion
Saatchi and Saatchi	550	−40	698	533	Departure of key executive
Scantronic	203	+56	210	66½	Wins \$3m US order
Sketchley	504	−42	569	276	£27.5m rights issue

ALTHOUGH the slimming down at INCHCAPE still leaves a sprawling quasi-colonial empire of 80 subsidiaries and 20 or so associate companies operating in 60 countries, the reforms instigated by chairman George Turnbull in the past 18 months are very real.

Analysts expect Monday's interims to be buoyed by strong performance across all the overseas trader's 10 divisions—particularly motor dealing, which accounts for more than half the profits.

Inchcape should achieve taxable profits of £50m-£60m, against £40m last time—setting the company well on course for £100m or more in the full year.

TOOTAL, one of the largest UK textile groups, is expected by analysts to produce interim pre-tax profits on Monday of around £14m, compared with £10.1m at the halfway stage last year, but analysts would not be surprised if the figures were slightly higher. Forecasts for the year could edge up to £40m (£30.2m).

The threads business of Standard-Cosa-Thatcher, one of the big five manufacturers in the US which was acquired for £33m in December last year, appears to have experienced good conditions in North America in the first half of the year.

Retail sales in the UK could have suffered during that period from poor weather conditions, but seasonally within the textile business should result in a pick-up in the second half.

LAURA ASHLEY, the fashion and furnishings group, reports interim results on Wednesday which are likely to reflect the impact of a weaker dollar, as 50 per cent of the company's earnings now come from the US.

The company has continued its expansion and diversification programme, which includes the separation of furnishings from the clothing side of the business. The City is expecting pre-tax profits of around £9.5m-£10m (£8.73m).

Interim results from TESCO,

Results due

the supermarket chain, due on Wednesday, are expected to show pre-tax profits of around £84m, up from £65.4m in last year's first half.

The results will include 18 weeks' contributions from Hillards, the Yorkshire chain of 40 supermarkets which Tesco acquired for £228m last May after a bitter battle. Hillards should contribute about £90m to total sales of £1.8bn.

Profit margins are improving, as is distribution, and the heavy investment in training is beginning to bear fruit. Non-grocery lines have been cut back and more emphasis placed on fresh and chilled foods.

AMSTRAD, the computer and consumer electronics company, is expected to report pre-tax profits in the £135m-£140m range — up from last year's £75.28m—when it produces year-end results on Tuesday.

The City had been thinking even higher—on chairman Alan Sugar's prediction of 70,000-a-month sales of his PC1512 launched last autumn—until actual figures showed more like 35,000 to 40,000.

Despite this, the product is regarded as a success, taking the market lead from IBM in two months. Video and audio sales have gone very well.

Amstrad's Alan Sugar

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.70	3.76	2.79	2.02	monthly	1	—	0-7
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	1,000-4,999	0
High interest cheque	6.30	6.49	4.75	3.45	monthly	1	5,000-9,999	0
High interest cheque	6.70	6.91	5.05	3.67	monthly	1	10,000-49,999	0
High interest cheque	7.00	7.23	5.27	3.84	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.77	6.98	5.26	3.83	monthly	1	2,500 minimum	0
Provincial Trust	7.34	7.66	5.77	4.19	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
5pc Treasury 1986-89	8.78	7.37	6.42	5.64	half yearly	4	—	0
8pc Treasury 1992	10.25	7.98	6.46	5.20	half yearly	4	—	0
10.25pc Exchequer 1995	10.37	7.59	5.74	4.20	half yearly	4	—	0
3pc Treasury 1990	7.93	7.05	6.47	5.99	half yearly	4	—	0
3pc Treasury 1992	8.29	7.36	6.75	6.23	half yearly	4	—	0
Index-linked 2pc 1992¶	8.03	7.47	7.10	6.79	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

PENDING DIVIDENDS

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abingworth	Tuesday	—	1.2	—
Adwest Group	Friday	1.7	8.8	1.8
Amstrad	Tuesday	0.1	0.2	0.2
Castle Comm	Tuesday	—	—	—
Clogau Gold Mines	Friday	—	—	—
Dowding and Mills	Thursday	0.6	1.0	0.6
FII Group	Monday	2.2	4.5	3.0
Gent, S. R.	Wednesday	0.5	—	0.4
High Point Services	Wednesday	1.7	—	1.7
HTV	Thursday	2.8	5.7	3.2
Lewtax	Thursday	1.0	1.0	1.0
MAI	Monday	4.0	12.5	6.0
Murray Electronics	Wednesday	—	0.2	—
Murray Ventures	Friday	1.2	3.0	1.7
Parker Knoll	Monday	4.0	8.0	5.0
Prestwich Hldgs.	Tuesday	0.3	0.5	0.4
Regina Health and Beauty	Thursday	—	—	—
Renishaw	Wednesday	—	2.2	—
Sinclair Goldsmith	Tuesday	—	—	—
Space Planning Services	Monday	—	—	0.8
Throgmorton Dual Trust	Thursday	1.0	3.2	1.5
Trafford Park Estates	Monday	4.0	8.0	4.2
Ulster TV	Friday	1.4	1.7	1.7
Wentworth Intnl.	Monday	—	1.7	—
INTERIM DIVIDENDS				
Allied Plant	Tuesday	—	1.0	
Ambrit Intnl.	Tuesday	—	—	
Ashley, Laura	Wednesday	0.7	1.5	
Bousted	Wednesday	—	0.1	
Bowthorpe Hldgs.	Monday	—	7.0t	
Bredero Prop.	Monday	1.8	2.7	
BSG Intnl.	Tuesday	0.5	0.9	
Centreway Ind.	Tuesday	—	0.5	
Centreway Trust	Tuesday	—	—	
City and Foreign Hldgs.	Wednesday	—	1.0	
Colorgraphic	Tuesday	—	—	
Cussins Prop.	Wednesday	2.8	4.0	
Davis, Godfrey	Monday	1.5	4.0	
Dencora	Tuesday	—	2.5	
Eadie Hldgs.	Wednesday	—	—	
Eagle Trust	Wednesday	—	—	
Early's of Witney	Monday	0.3	1.0	
Empire Stores	Thursday	1.5	3.2	
Equity and General	Monday	0.3	0.7	
Erith	Wednesday	1.3	3.0	
Estates and General	Monday	0.8	1.8	
Etam	Thursday	1.3	3.4	
Fosaco Minsep	Wednesday	2.8	6.2	
Freemans	Monday	2.3	4.7	
Hay, Norman	Monday	1.4	2.7	
Helical Bar	Tuesday	—	2.0	
Holt, Joseph	Tuesday	—	18.0	
Hornby Group	Monday	—	—	
Hunter	Tuesday	—	3.0	
Inchcape	Monday	7.1	13.8	
Jacob, W. and R.	Thursday	2.3	4.7	
Jacques Vert	Thursday	—	7.0	
Kleinwort Benson Gilt	Thursday†	32.2	28.4	
Laing Prop.	Thursday	3.5	4.5	
Magpie Hldgs.	Monday	0.5	1.2	
Menzies, John	Monday	1.5	3.1	
Metalrax	Monday	0.6	1.7	
Metsec	Thursday	1.3	1.3	
Monotype Corpn.	Monday	1.6	3.0	
Mowlem, John	Monday	4.5	11.8	
MY Holdings	Tuesday	0.4	0.8	
New Ireland Assurance	Tuesday	4.0	8.5	
NMW Computers	Tuesday	2.5	5.0	
Rivlin	Thursday	—	0.3	
Royal Trust Japan Growth	Wednesday†	—	0.2	
Scott and Robertson	Monday	1.0	2.5	
Senior Engineering	Tuesday	0.9	1.1	
Shandwick	Tuesday	1.2	3.0	
Silkolene Lubricants	Wednesday	3.0	3.0	
Sintrom	Wednesday	0.7	1.4	
Sovereign Oil and Gas	Tuesday	—	—	
Steetley	Monday	—	13.0	
S and U Stores	Tuesday	—	2.5	
Tesco	Wednesday	0.8	1.5	
Tootal Group	Monday	1.8	2.8	
Triefus	Wednesday	—	1.0	
TV AM	Monday	1.0	4.3	
United Friendly Insurance	Thursday	6.1	14.8	
UTC Group	Wednesday	—	—	
Watts Blake Bearne	Monday	1.6	3.7	
World of Leather	Monday	—	3.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Gross per share.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Appledore (A.&P.)	389	370	232	13.72	Highland Parties
Aspinall Hldgs	181½	173	185	94.41	Walker (Alfred)
Barham Group	255§	250	212	73.01	Intl Bus Comms
Buckleys Brewery	192*§	206	175	28.59	Brodlen
Cheshire Whitlts	280*	270	255	14.22	Wessanen
Country & New T	197*§	194	190	89.42	Pennant
CPU Computers	92*	91	89½	14.92	Scoa
Equity & Law	365*§	428	350	366.46	Brierley Invs
Equity & Law	446	428	350	447.78	Cmpgnie Du Midi
ERIC	405*	400	300	14.00	TR Energy Res
Guinness Peat	115*	118	111	358.36	Equiticorp
Hampton Trust	120*	120	116	100.00	Aurora
Hawtal Whiting	540	524	435	34.96	First Sec Group
Hunslet	639	610	485††	7.67	Telfos
Intl Signal	243	226	219	414.95	Ferranti
Kent (John)¶	120	120	105	14.40	Redevco
Mercantile Hse¶	600§	587	488	598.30	Brit & Commwlth
Miss Sam¶	216	205	192	34.56	Blacks Leisure
Powerline Intl	179½	169	153	21.33	Chloride
Pres Entertainm't	319§	313	241	68.91	Pleasurama
Sims Catering	165*§	438	145	6.15	Mr R. Randell
Stewart Wrightson	522§	533	500††	230.51	Willis Faber
Stone Intnl	112	103	154½	38.77	FKI Electricals
Stothert & Pitt	250	230	117	21.00	Hollis
Tech for Business	177	180	149	7.20	Comb Lease Fin
Wills Group	190*§	212	186	17.15	Australian Inv Cp
Woodhse & Rixson	125	121	91	15.00	Jhnsn & Fth Brwn

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 25/9/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Electronic	June	8,000	(6,000)	24.5	(18.1)	12.5	(—)
Armstrong Equip	June	2,600	(3,500)	12.9	(13.4)	3.3	(2.7)
Attwoods	July	11,860	(7,410)	18.0	(14.8)	6.0	(5.0)
Barratt	June	39,200	(25,400)	15.2	(9.9)	8.2	(6.1)
Broadcast Comm	June	44	(38)	—	(—)	—	(—)
Bryant Hldgs	May	28,400	(13,800)	9.8	(4.9)	2.7	(1.8)
Casket S.	June	1,610	(1,140)	8.7	(6.0)	2.6	(2.2)
Close Bros	July	3,410	(2,180)	8.5	(5.3)	4.4	(4.0)
Compsoft	Mar	563L	(50)L	—	(—)	—	(—)
Edington	June	259	(—)	9.6	(—)	—	(—)
Gabicci	June	1,090	(780)	11.0	(8.3)	3.3	(3.0)
GC Floor & Furn	June	705	(308)	5.4	(2.1)	1.6	(—)
Hrvy & Thompson	June	1,320	(850)	22.2	(15.1)	8.5	(6.0)
Green Ernest	June	1,620	(1,230)	14.0	(10.3)	4.0	(—)
Kwahu	June	416	(392)	3.9	(3.4)	1.6	(1.4)
Lee Intl	May	8,500	(7,000)	13.5	(11.0)	3.3	(1.5)
Peters (Michael)	June	1,160	(675)	10.1	(6.5)	3.0	(2.6)
Polypipe	June	4,680	(2,200)	10.8	(5.5)	3.1	(1.6)
Ramar Textiles	May	357L	(934)	—	(4.7)	1.7	(1.7)
Star Computer	June	1,080	(620)	10.0	(11.1)	1.5	(0.7)
Strong & Fisher	June	6,060	(3,880)	28.3	(21.7)	10.5	(9.0)
Telemetrix	June	2,100	(719)	—	(—)	—	(—)
Triton Energy	May	336	(12,100)	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Antler	June	550	(520)	1.3	(—)
Antofagasta	June	3,650	(4,194)	2.0	(1.2)
Atlantic Comp	June	12,700	(9,600)	1.5	(1.1)
Bank of Scotland	Aug	85,700	(55,200)	6.6	(6.0)
Beatson Clark	June	1,040	(737)	3.3	(3.3)
Beauford	June	514	(351)	1.2	(1.0)
Bentalls	Aug	1,020	(722)	0.5	(0.4)
Betec	June	660	(560)	0.7	(0.6)
Bluebird Toys	June	134	(118)	—	(—)
Bonser Electrical	June	2,410	(1,680)	2.2	(1.7)
Breedon	July	875	(745)	2.0	(1.6)
Britannia Group	June	505	(296)	—	(—)
British & Comm	June	71,100	(25,400)	3.5	(2.5)
British Syphon	June	2,200	(808)	1.8	(1.7)
Cakebread Robey	June	297	(862)	0.8	(0.8)
Christies Intl	June	18,330	(7,230)	3.0	(1.5)
CI Group	July	1,090	(686)	0.5	(0.4)
Citygrove	May	751	(159)	1.5	(1.0)
Clayform Prop	June	3,480	(354)L	2.8	(2.5)
Clifford Dairies	June	2,300	(2,150)	3.3	(3.0)
Clyde Pet	June	3,062	(1,291)L	—	(—)
Connells	June	3,300	(2,050)	2.5	(0.5)
Cory (Horace)	June	159	(141)	0.4	(0.3)
Davidson Pearce	June	2,150	(1,910)	1.2	(1.2)
Dean & Bowes	June	376	(261)	3.7	(2.7)
Dinkie Heel	June	50	(22)	0.2	(0.2)
Edmond Hldgs	June	314	(156)	0.2	(0.1)
Eglinton Oil	June	18,906	(84)L	—	(—)
Epicure	June	693	(—)	0.2	(—)
Evered Hldgs	June	8,680	(4,190)	2.5	(1.7)
Filofax	June	440	(136)	0.7	(—)
Finlay Pack	June	536	(406)	0.7	(0.7)
Folkes	June	820	(775)	0.3	(0.3)
Gestetner	July	7,740	(4,950)	1.9	(—)
Hampden Home	June	436	(363)	0.5	(0.5)
Highcroft Inv	June	255	(246)	1.1	(1.0)
Jacks (William)	July	405	(230)	0.8	(0.6)
Juliana Hldgs	June	449	(425)	0.8	(0.7)
Kleinwort Benson	June	37,900	(57,700)	5.2	(5.3)
Kwik-Fit	Aug	8,030	(5,350)	1.2	(1.0)
London & Met	June	2,880	(1,710)	1.5	(—)
Lorlin Elec	June	615	(492)	1.5	(1.0)
Macallan-Glnlvt	June	667	(610)	1.1	(1.0)
Memec	June	3,220	(2,520)	1.1	(0.9)
Minet Hldgs	June	19,320	(19,270)	3.8	(3.4)
Morgan Crucible	June	12,300	(10,210)	4.6	(4.2)
Morrison William	Aug	330	(91)	0.5	(0.4)
New Eng Prop	June	144L	(101)	—	(—)
Norish	June	1,060	(838)	3.2	(3.0)
Oceana Mar	Mar	220	(324)	1.1	(1.1)
Oliver (George)	June	578	(212)L	2.2	(2.0)
Oriflame	June	2,440	(3,050)	3.0	(—)
Platignum	July	296	(21)	—	(—)
Ransomes Sims	June	4,540	(3,450)	2.0	(1.6)
Ratners	Aug	2,650	(2,950)L	1.2	(1.0)
Record Hldgs	June	1,200	(88)	—	(—)
RHC	June	53,700	(33,100)	3.5	(2.5)
Rutland Tst	June	2,470	(1,000)	0.1	(—)
Sale Tilney	May	2,220	(1,550)	4.0	(3.0)
SPP	June	1,030	(1,140)	1.7	(1.7)
Spring Ram	June	4,420	(2,750)	0.4	(0.3)
Stag Furniture	June	647	(472)	1.7	(1.7)
Sumit	June	223	(182)	1.0	(2.5)
Tarmac	June	83,200	(47,500)	2.0	(1.2)
Tibbett & Britten	July	1,930	(1,270)	1.5	(—)
Tilbury Group	June	3,000	(1,570)	2.2	(1.8)
Trinity Intl	June	5,500	(4,280)	7.0	(5.0)
TV Am	July	4,760	(3,980)	2.0	(1.0)
Utd Newspapers	June	48,300	(22,470)	7.0	(6.0)
Vickers	June	25,500	(20,320)	2.7	(2.5)
Watmoughs	June	2,040	(1,170)	2.0	(1.6)
Whatman Reeve	June	3,610	(3,100)	1.2	(1.0)
Worcester Grp	June	1,200	(891)	3.3	(1.1)
Yule Catto	June	6,470	(4,940)	5.0	(3.0)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUES

AB Electronic have announced a £13.7m one-for-five rights issue at 350p.

Compsoft are to raise £1.25m via a two-for-three rights issue at 30p.

Cowie T. have announced a £45m rights issue on a three-for-10 basis at 159p.

Heywood Williams is to raise £29.3m via a rights issue on a one-for-four basis.

Kleinwort Benson is to raise £142.6m via a rights issue.

Lilleshall have announced a £1.88m rights issue and an acquisition of £2.04m to be raised by a vendor placing.

Marina Development Group is to raise £37.27m via a one-for-one rights issue.

New England Properties have announced a £5.1m rights issue on a one-for-seven basis at 45p.

Sketchley is to raise £27.5m via a one-for-four rights issue at 400p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Baker Harris Saunders is to satisfy a £4.07m acquisition by the issue of 1.09m new ordinary shares and 2.7m convertible deferred shares of 10p.

Costain is to raise 48.7m dollars via a bond and warrant issue.

Crawley Warren plans to seek a stock exchange listing.

Crest is to raise £4.26m via an issue of 1.09m shares and also £6.05m via the placing of 3.06m shares at 210p.

English and Caledonian Investments is to join the main market via an introduction.

Fuji Bank have obtained a listing on the London stock exchange.

Marcel is to join the USM via the placing of 2.71m shares at 115p.

Morrison William is to raise £45m by the issue of 46.65m convertible preference shares.

Record Holdings is planning a stock exchange listing.

Security Archives is to join the USM by offering 1.77m shares at 130p.

Stanhope is to join the USM next month valuing the company at between £160m and £200m.

WSP Holdings is to join the USM via a placing of 1.69m shares at 60p.

MARKETS

Painful let-down

IF LONDON dealers have nightmares, they must surely include trade figures. Just as the May figures knocked the stuffing out of the market in late-July, so the August statistics sent share prices tumbling on Thursday, with the FT-100 index a swingeing 50 points lower at one stage.

Thanks to rising imports—ominously strong in the consumer sector — and a disappointing fall in exports, the current account deficit soared to £929m. That compared with £310m in July and was three times the figure predicted by many analysts.

It was all the more painful because things were going so nicely. Having ended the previous week in upbeat style, the market took further heart from some encouraging CBI findings and signs that the year-on-year economic growth is close to 4 per cent. On Tuesday, renewed Gulf worries checked the progress but Wall Street's roaring recovery mid-week sent London prices sharply higher on Wednesday.

So was Thursday's news a brief aberration or does it spell *more uncertainty ahead for* London prices? In digesting the May figures, the market had come to terms with a £3.5bn trade deficit in 1988; now, argues Warburg Securities, "the figure may be in the region of £5bn or possibly even more." If so, runs the argument, attempts to keep sterling firm could resurrect all the interest rate fears.

That said, the initial noises from Barbados, where Chancellor Nigel Lawson is attending a Commonwealth finance ministers' meeting, were awash with West Indian sang-froid. No, said Lawson, there was no cause for concern, no implications for interest rates, and no question of policy changes. Sterling promptly stabilised and the market took him at his word. By Friday morning, the FT-100 was rallying strongly to show 29.2 point gain on the day, and a 14.3 point advance for the week.

Whatever the official line, though, bearish voices cannot *stop fretting about yield gap.*

London

The return on high coupon long-dated gilts might have nudged back to under 10 per cent, but a 7 point gap still remains between that and the average equity return. The difference is historically high, reason the pessimists, and if *the trade figure repercussions* merely check any further gilt price advance, the equity market might be pushed to do more than track sideways.

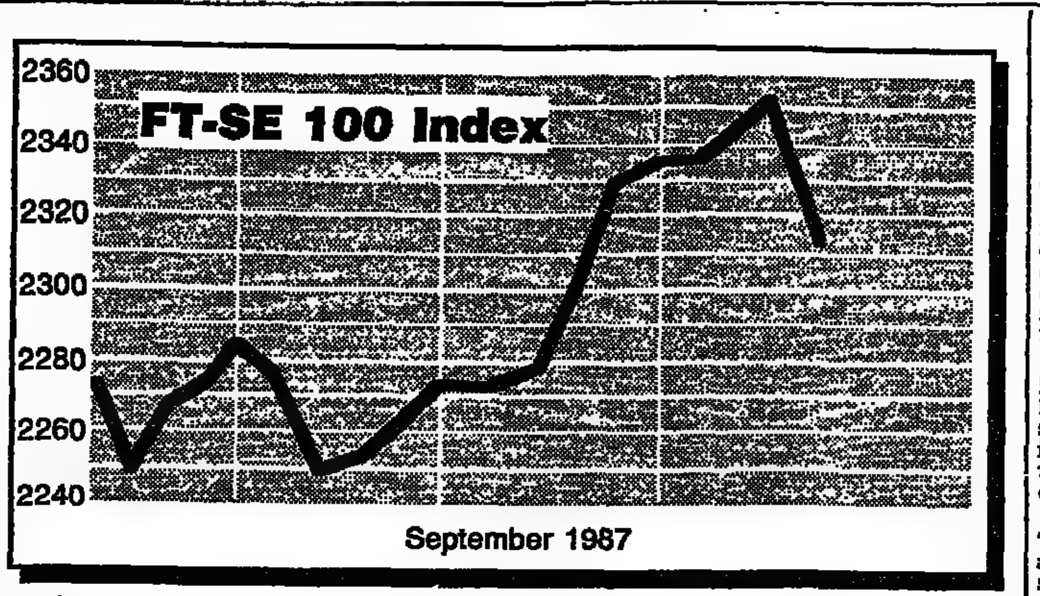
Matters in the gilt market, moreover, were not eased last week by Wednesday's auction: the £800m-worth of stock was sold successfully but the somewhat dull demand implied a bout of indigestion thereafter.

Only cynics, of course, would suspect that the Chancellor's soothing words have anything to do with the impending £7.5bn *BP share sale on October 28.* That moved up a gear last week, with publication of the pathfinder propectus; in it, BP forecasts net profits of £1.45bn for *1987, a 77 per cent improvement* on the previous year's oil price-dampened figure. With the price of offer yet to be set, that at least got things moving the right way: BP shares skipped up 1½p to 370p.

Elsewhere on the cash-raising front, nerves must be a trifle frayed at Blue Arrow and its advisers, County Bank. The £837m cash call — London's largest—closes on Monday but Blue Arrow's price weathered *Thursday's downturn* remarkably well—*gaining 2p to 168p,* a nose ahead of the 166p right's issue level, and by Friday evening had added another 1p.

As a painful reminder of the *summer's flops,* FKI saw just 0.8 per cent of its £97.7m call (designed to clear debts following the ambitious £416m takeover of Babcock International) taken up—small surprise given that FKI shares have underperformed the market by about 14 per cent since the deal was announced.

Last week, however, cash calls were relatively restrained—the principal tap coming from merchant banking house Kleinwort Benson. Kleinwort is seeking £143m immediately via a one-for-three rights issue and intends to raise additional loan capital as well—money to help it shoulder larger deals in the post-Big Bang world, and fund expansion in New York and Tokyo.



The call coincided, however, with a near-£20m drop in interim pre-tax profits to £37.9m no worse than most analysts had been expecting but ample testimony to problems on the securities side. That division *lost £7.5m during the first half,* with UK and US bond market and Eurowarrant activities taking much of the blame. As for bank office settlement problems, *future costs of sorting out the* declining backlog have necessitated a transfer from inner reserves.

All of this leaves outsiders suspecting that the company will do well to make £70m (£78.8m) for the full year.

On the bid front, the six-week siege of Storehouse, the retail group which takes in Habitat, Mothercare and BHS, ended with the board refusing to recommend a £1.8bn offer from aggressive property group Mountleigh, and the potential predator announcing it will now go away.

With rival retail groups also apparently selling their small *stakes, all Storehouse now* needs to worry about is Robert Maxwell's 2.9 per cent "investment only" stake. Storehouse shareholders, however, may *feel less delighted—their shares* have slumped back to 340p, a full 105p below Mountleigh's conditional offer price.

Maxwell was everywhere — raising his interest in Guinness Peat to 11.5 per cent, picking up 7.7 per cent of Singer and Friedlander and 5.1 per cent of *hotels group Norfolk Capital.* While his erstwhile threat to bid did nothing to clear the muddy waters around Guinness Peat—where Equiticorp has at last declared its terms final—another beleagued financial group decided to dodge Antipodean clutches; Equity & Law is recommending a revised £440m bid from French insurance *group Compagnie du Midi,* thus hopefully seeing off Ron Brierley's rival offer.

Meanwhile, Pearson — which takes in the Financial Times—*found itself subject to new* attentions, this time in the form of Rupert Murdoch who took his stake from just below the disclosable level to 14.7 per cent via a market raid at 920p.

Nikki Tait

Price poser

ONE OF the oldest and most puzzling stock market riddles is: "How much are shares in a company worth?" All too often, you will get the deeply dissatisfying answer: "What someone is prepared to pay for them."

The conundrum was well illustrated this week by the launch of Marcol, a computer software company specialising in aerospace and avionics. At the placing price of 115p, the company was valued at £16m.

How is that value measured? The company has no tangible assets; on an earnings basis, the shares are on an historic price/earnings ratio of 23.5, not unusual for a software house.

But is an earnings basis a sensible way to value a software company? At root, earnings valuations depend on the theory that earnings find their way back to shareholders; if that is a fiction at the best of times, then it is even less true in the case of software companies, which pay out very little in the way of dividends.

In fact, a software company's value consists almost entirely of intangible assets—the expertise of the people who run it or the brand name of a product. *In short, the value really is* brainpower—future, present and past—in the crystallised form of programmes and systems.

That definition does not solve the puzzle, however. A property company can be undervalued in the sense that a predator could move in, buy all the shares, sell all the properties and make up a profit. But a software company can hardly be broken up in the same way — the people on whom its profits depend can just walk out of the door if they do not like a new regime.

And such is the pace of technological advance that a brand-*name product can quickly* become out-dated and thus valueless to a predator.

Software houses are not unique in being difficult to value; the same problems beset all people businesses like advertising agencies or public relations firms. And since share prices in such companies can *often outperform the market,* shareholders must be tempted to dismiss the problem as purely theoretical — "if it ain't broke, don't fix it," as they say.

The problem comes out of the realms of theory when something goes wrong. Like the little boy who saw through the Emperor's new clothes, the markets suddenly wake up, realise that the company's value is largely illusory and, in their panic, wipe out large proportions of a group's market capitalisation.

Take Compsoft, the software house which joined the USM in 1984 at a minimum tender price of 120p. In 1985 the price reached the heights of 141p, but high start-up costs in Europe pegged that year's interim figures back to break-even and the share price was down to 35p the following year.

The break-even turned into losses and Compsoft began to have attractions as a shell company. But the rescue plans have had their problems—over the summer, the company has seemingly had more partners than Fred Astaire in its effort to find a capital injection.

First, Sagesoft and Format Products planned to reverse

Junior Markets

into the group. That deal fell through and Sagesoft might attempt its own USM listing. Then Format Products tried its luck again, with Multisoft as a reversing partner. This week, Compsoft revealed that the latter deal had also fallen through — instead Octagon Industries, the management services company run by Dr Robb Wilmot and Dr Geoff Bristow, is taking a 29.9 per cent stake via a two-for-three rights issue at 30p.

Fletcher Dennys Systems, which came to the market last year, was an IBM microcomputer dealer which also offered hardware and software maintenance and programming and systems analysis. It was floated on the back of four years of consistent profits growth and at the placing price of 70p, on an historic p/e of only 15.

Just four months later, Hillsdown Investment Trust launched a reconstruction package in which it acquired 20m shares at 5p each. Sixty-one per cent of a company, worth £5m on flotation, was bought for only £1m.

So, is Marcol's placing at 115p a share a good deal? It is, if that is what people are prepared to pay.

Philip Coggan

Canada's 'cranks' have last laugh

NOT SO long ago, advocates of investment in the troubled Canadian resources sector would have been regarded as inveterate bottom-fishers or just plain cranks.

The major mining and metals companies were still struggling to restructure in the face of seemingly interminable bear markets. The forestry sector had been hit by a lengthy loggers' and sawmillers' strike and the threat of duty on exports to the US. Meanwhile, the energy industry was overshadowed by the slide in prices and the problems of Dome Petroleum.

Today, the tables have been turned. The prices received by Canadian companies for a wide range of commodities, as monitored by the Bank of Nova Scotia, have rocketed to as much as seven-year highs. User demand, for the moment, continues to hold up and Toronto's sizeable portfolio of resource stocks is propping up a market which, in other sectors, has turned a trifle sluggish.

For example, during the week ended September 18, the widely-quoted TSE 300 fell a fraction less than 1 per cent despite a 2 per cent rally in the metals and minerals sub-sector on Friday alone.

While the radically transformed picture has already attracted a great deal of money into resource-based stocks and funds, and the sharpest metals market price hikes are perhaps over, most Bay Street analysts feel there still is time for small investors to grab a piece of the action.

"Prices have risen dramatically for a whole list of Canadian resource stocks," says Robert Younker, of Nesbitt Thomson Deacon. "But we still expect further rises."

In the base metals sector, analysts are projecting that further stock market gains will follow the next set of quarterly results. These are expected to be extremely positive for virtually all major Canadian mining companies.

Not only does it take time (at least three months) for higher terminal market prices to be reflected fully on the bottom

Resources

line, they argue. But most firms have taken advantage of the lean times of recent years to scythe production costs.

Younker feels particularly confident about the continuing strength of nickel, and hence about the prospects for Inco and the more diversified Falconbridge, the two major Canadian producers.

The Montreal-based aluminium giant, Alcan, should also continue to benefit from higher ingot prices. Its vast reserves of cheap power have enabled it to remain very much *a force at the commodity end of* the market, unlike its major competitors south of the border who have been driven increasingly into downstream and advanced materials applications.

Precious metals may also be worth a flutter, although here a degree of selectivity could be needed.

While analysts believe that the gold price, at its present $460 level, is underpinned firmly, few are predicting further dramatic increases. Even if it does edge up in US dollar terms, they add, the likely continued strength of major European currencies and the Japanese yen will cancel out any gains to non-American investors.

The key, therefore, is to pick companies expected to increase their gold in the foreseeable future. These, analysts say, are likely to provide better returns than either mines with stable production expectations or alternative investment mediums such as gold coins or bullion. And this despite a tendency for many companies to dilute returns by, in Younker's words, "cranking out an extra 10 per cent of equity" to finance exploration.

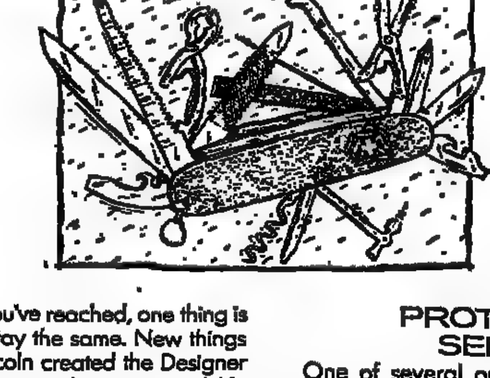
Both Echo Bay Mines and American Barrick Resources fall into this category, according to Jamie Macintosh, of McCarthy Securities. Echo Bay output, he says, might rise to as much as 700,000 oz by 1990 from an estimate of between 470,000 and 480,000 oz this year.

Alfred Bunting and Co, meanwhile, forecasts that American Barrick's production will almost double from 240,000 oz this year to 472,000 oz in 1989. The company is, however, fighting a law suit, which attaches some risk to any investment.

Prospects in the Canadian energy sector have dimmed marginally in recent months, due largely to a build-up in worldwide inventories. As a result, August was the first month since February that the oil and gas index has not outperformed the TSE 300 on a monthly basis.

Nonetheless, analysts like Alfred Bunting are retaining their overall positive view of the industry, with stocks recommended including Canada Northwest and Alberta Energy. The outlook for refineries is seen as less positive, however, due to deteriorating margins and the start-up of a plant in Newfoundland.

David Owen



Donald Elkin offers a checklist for expats

Retire to review

SOMEWHAT PERVERSELY, retirement is likely to cause a much higher than normal level of personal decision making made more difficult if protracted absence from the UK has made many situations unfamiliar, not least those in *the financial sphere.*

House purchase and the question of whether or not to make use of a mortgage could well be one of these decisions.

If, for example, you borrow £30,000 (the maximum for tax relief) on an interest only basis to help buy your principal home, investing the capital thus released to produce a 3 per cent income yield, the effect on your income, assuming a 50 per cent tax rate, is as shown in table A.

Consequently, the mortgage is of no help to your income. But the capital side of the equation is likely to show a very different story, as shown in table B.

Thus, while the likely cost of the arrangement is clear, the benefits, although potentially considerable, can be neither quantified nor guaranteed at the outset.

Making your presence known to the Inland Revenue must also be high on your list of priorities. John Selden's dictum that "ignorance of the law excuses no man" deems you to know that Section 7 of the Taxes Management Act 1970 requires that "every person who is chargeable to Income Tax . . . shall . . . give notice that he is so chargeable." That is, you must issue a request to be taxed.

Having done so, you will receive a tax return and a form P86, the last seeking information on when you arrived in the UK, what your intentions for the future are and so on. On this basis your residence status will be determined. But it is up to you to pursue the matter of domicile if you claim it to be outside the UK.

Residence in Britain entitles you to the annual income tax reliefs and may also give rise to certain other exemptions for which you have not previously qualified, such as mortgage interest relief at source (Miras) and life assurance premium relief at source for policies taken out before March 14, 1984. (*If you pay regular premiums on offshore policies issued after 17 November 1983 British policies must be substituted for them within 12 months of your arrival if their "qualified" status is to be preserved.*)

Conversely, other exemptions will be lost, for example, the income from certain British gilts, as well as UK deposit and building society interest (in the last two cases retrospectively to the previous April 6).

Somewhat confusingly, British law involves the collection of tax in several ways: by deduction at source at 27 per cent (e.g., dividends); by deduction under PAYE (UK salaries and pensions) and by direct assessments (e.g., capital gains and overseas income).

Such assessments, if incorrect, must be appealed against within 30 days and if the tax paid pending settlement is shown to be insufficient, interest may be claimed at 9 per cent from the original due date.

If in arranging your investments it is not necessary to seek maximum income, you certainly should not do so. This would produce unnecessary income, 60 per cent of which might be lost in income tax and in the process you might deny yourself the benefit of future capital appreciation.

Remember that old age could be the most expensive time of your life. What is more, capital gains these days attract a very favourable tax situation, a new investor starting out with a portfolio of £100,000, for example, being theoretically able to achieve gains of 6.6 per cent per annum over and above inflation before any tax becomes payable. Even then the top rate is 30 per cent.

You should also review your will when you retire. It is surprising how many people reach this stage in life without ever having made one.

Carefully planned wills and parallel arrangements can have a powerful impact on the amount of inheritance tax payable, as can lifetime settlements or outright gifts for those who can afford to part with funds in their lifetime. Both can now qualify as "potentially exempt transfers" and thus avoid all inheritance tax if the donor survives the gift by seven years.

TABLE A

£30,000 borrowed at 11¼ per cent	£3,375
Less tax relief at 50 per cent	1,687
	£1,688 p.a.
£30,000 invested at 3 per cent	900
Less tax at 50 per cent	450
Net income	£450 p.a.

TABLE B

Value of investment	£106,396
Less mortgage repayment	30,000
Income loss £1,238 x 10	12,380
	42,380
Profit	£64,016

The Pru moves up market

BRITAIN'S largest life and pensions company, Prudential Corporation, this week took another step to get into the up-market financial services sector with the formation of Prudential Holborn.

This company, under the chairmanship of Mick Newmarch, brings together the previous unit trust group, Prudential Holborn Unit Trusts, its unit-linked subsidiary Vanbrugh and its Personal Equity Plan operation Prudential PEP Managers.

Its target market is the person with £25,000 plus to invest—the current Vanbrugh VIP investor.

The company already has an impressive list of investments for the individual—13 unit trusts, 24 funds for its linked life and pension contracts and the PEP.

However, Newmarch intends to broaden the range to meet all savings and investment needs of up-market investors.

The company will deal primarily through independent intermediaries and expects to spend £4m in the next year simply promoting itself—some of that money being spent on a champagne breakfast to introduce the company to the media.

● New unit trusts are appearing at the rate of two or three a week and investment managers are continually thinking of new ideas and investment sectors. More than 100 new unit trusts have appeared since the 1987 Unit Trust Year Book was published.

To keep readers in touch, the publishers have produced for the first time a half-yearly update* to the main Year Book, containing details of the new trusts, developments, a new editorial commentary and half-yearly performance statistics.

* Unit Trust Year Book 1987—Autumn Update is available from Marketing Department, FT Business Information, 7th Floor, 50-64 Broadway, London SW1H 0DB, price £9.50 (UK), mail order only.

Eric Short

Mick Newmarch

Snapshot in balance

Richard Waters continues his short series on understanding company accounts

BALANCE sheets, like everything else in an annual report, need to be read with care.

They show a business on a particular day in the past. Like all the financial statements, therefore, they are out of date—but they bear the added disadvantage of being a snapshot at one moment in time. Had the picture been taken the day before, or the day after, it might have been rather different.

This is not as cynical as it may appear. Most companies have trading cycles which affect the picture. A retail company, for instance, is likely to have more money tied up in stocks before Christmas than after it. Choosing the right date to draw up the balance sheet can make a difference.

Also, balance sheets are susceptible to various complex forms of window-dressing, all perfectly within the law. The Bank of England and the Department of Trade are currently concerned about this: too many companies, they fear, are finding legal ways of shifting assets and liabilities off their balance sheets altogether (a practice known as "off-balance sheet finance").

This does not make them worthless. But it should put readers on guard that they may not be as complete and "accurate" as may be expected.

Balance sheets come in two sections. The top half shows a company's assets (everything it owns), less its current liabilities (money it owes that will have to be paid within a year).

The bottom half shows how the top half has been "financed"—in other words, where the money has come from to pay for the assets less current liabilities.

This article considers the top half. The second half will be covered next week.

There are two types of assets. The first, fixed assets, are there to enable the company to carry on its business. They include busines, machines, cars and so on. Some of these wear out over time. Others, such as freehold land, go up in value.

Fixed assets may include investments in other companies. They may also include what are known as "intangible" assets — those things, like goodwill, patents and trade marks, which cannot be touched but without which a business couldn't operate.

Current assets reflect the materials at work in the business at any one time. They include tangible items, like stock (goods that have been made but not sold) and work in progress (part-finished stock), as well as financial assets, like cash and debtors (money that customers owe).

Companies can finance these assets with money generated internally, or with money borrowed from the bank or trade creditors. If a company never pays bills in less than a month, for instance, it is using its suppliers to finance part of its production process.

Deducting these borrowings (known as current liabilities) from current assets produces working capital—a key indicator of the business's use of its resources. If working capital is increasing faster than sales, then the company may not be using its capital efficiently. If, on the other hand, it is decreasing, the company may be heading for cashflow problems.

Factors worth bearing in mind when looking at assets include:

● When was the property last valued? *If the valuation was last carried out a long time previously, the company is likely to be sitting on reserves not shown in the accounts.*

● What is there in the way of assets to give shareholders *comfort? Service companies* have few tangible assets. In a break-up, there is little to repay shareholders. The shareholders in other companies, though, may draw some encouragement from tangible objects behind their shares.

The shareholders' share in the assets is arrived at by taking total assets and deducting all borrowings (including those in the second half of the balance sheet).

● Has there been any significant change in any of the items over the year? Current assets rising at a greater rate than sales, for *instance, may provide a warning*: the company may be sitting on stock, be less efficient about *collecting debts, or have more* goods in an unfinished state of completion.

A *rise in creditors,* though helping working capital, may not be a good thing either, since it suggests that a company is taking longer to pay its debts and so may damage its relationship with suppliers.

Value to draw on

HOUSEOWNERS in the UK, especially in London and south east England, have seen substantial appreciation in the value of their houses over the past two years.

The increase in value has not put any cash into their pockets, and there has been considerable discussion on how to unlock the equity. To date, nothing comprehensive has appeared in the market.

The householder can always take a *second* mortgage on the house. But this can give him more cash than he currently requires and he has the problem of investing the cash as well as paying interest on the full loan.

This week, the Reigate-based financial institution, Allied Trust, launched its solution to the problem—Plan Eighty—in conjunction with Royal Life, the life company in Royal Insurance Group.

The concept of Plan Eighty is straightforward.

The houseowner sets up a loan facility on which he can draw. The facility lasts for as long as the borrower considers he will need it to meet his current and future needs, subject to repayment over 10 to 25 *years or by the time of his* or her retirement.

The minimum credit limit is £16,000 and the maximum loan facility, less any existing mortgages, has the usual borrowing limits:

● Two-and-a-half times the single or joint incomes.

● Eighty per cent of the value of the house.

The borrower is issued with a cheque book. When he wants to draw on the facility, he simply writes out a cheque — minimum amount £250.

Thus the drawing is automatic — no need for delay in getting the money or to justify the purpose of the loan to the lender. Allied Trust, in its promotional literature, emphasises this freedom, though flexibility is a more apt description.

Interest is variable. The current cost to the borrower is 1.3 per cent per month (APR 16.7 per cent) for loans drawn up to a total of £5,000 and 1.1 per cent per month (APR 14.08 per cent) on the whole loan for total drawings exceeding £5,000.

Technically, the interest rate is linked to Libor (London Inter-Bank Offered Rate) because that is the price paid by Allied Trust for its funds. However, it intends to vary the interest rate about once a year unless Libor moves sharply.

There is an initial setting up fee of £125, covering legal fees, valuation, Land Register searches and any other expenses. Once that is paid, there are no cheque fees or other charges.

Repayment is made through a Royal Life low cost endowment maturing over the selected term, in the same way as a low cost endowment is used for repaying a house mortgage, the cover being for the full amount of the facility.

However, repayment can be made at any time without penalty.

Allied Trust is flexible about the method of repayment in that it will consider repayment from the proceeds of a pension contract if the borrower is in a profession.

The uses of this facility are *virtually endless — school fees,* holiday homes, business opportunities, share purchases, special high expenses such as weddings and *so on.*

Borrowers can use the facility to transfer the balance on their credit card, where they pay much higher interest rates, to this lower interest charging loan facility.

They may also top up the facility at any time to reflect further increases in house values.

Allied Trust is concentrating its marketing efforts in Southern England, where house prices have shown the greatest rise, though it will accept applications from anywhere in England and Wales. It has been test marketing the plan through three Royal Life branches and is satisfied with the response.

However, Allied Trust intends to market Plan Eighty only through financial advisers, so that borrowers have access to independent advice in using the plan. It will not be paying commission, the intermediary is renumerated by Royal Life on the low-cost endowment.

At present, there are no problems for intermediaries in marketing the plan. But when the financial services legislation becomes operative, only authorised intermediaries will be able to market the plan because of the low cost investment element—classed as an investment under the legislation.

Eric Short

The Great Investment Race

THE Great Investment Race ended on Wednesday. The WM Company, which has monitored the race throughout, is now calculating the final values of the team's portfolios. The final results will be released, after auditing, on October 29. Next Saturday the FT will relay the final positions of the teams and report on the progress of the parallel competition—the FT Readers' Race.

Bottled rarities

THE GREATEST rarities in Sotheby's Finest and Rarest wine sale this week were four bottles of *pre-1799* Tokay that survived the German occupation of Warsaw in the last war in a bricked-up cellar in the Wilanow Palace.

The varying shaped 18th-Century bottles fetched between £880 and £650 apiece in telephone bids.

In a large, very mixed sale, the highest price per bottle was £1,500 for a 1788 Clos de Griffier cognac. Other rarities included a bottle of 1892 Yquem (£420), a magnum of Latour 1900 (£1,200), two half-bottles of Pétrus 1907 (£260) and a magnum of the same Château 1924 (£700), a jeroboam (equals six bottles) of Haut-Brion 1926 (£2,000), a bottle of Romanee-Conti 1937 (£800), a case of Mouton-Rothschild 1945 (£6,100) and a single bottle of its 1946, a collector's item for the label (1900).

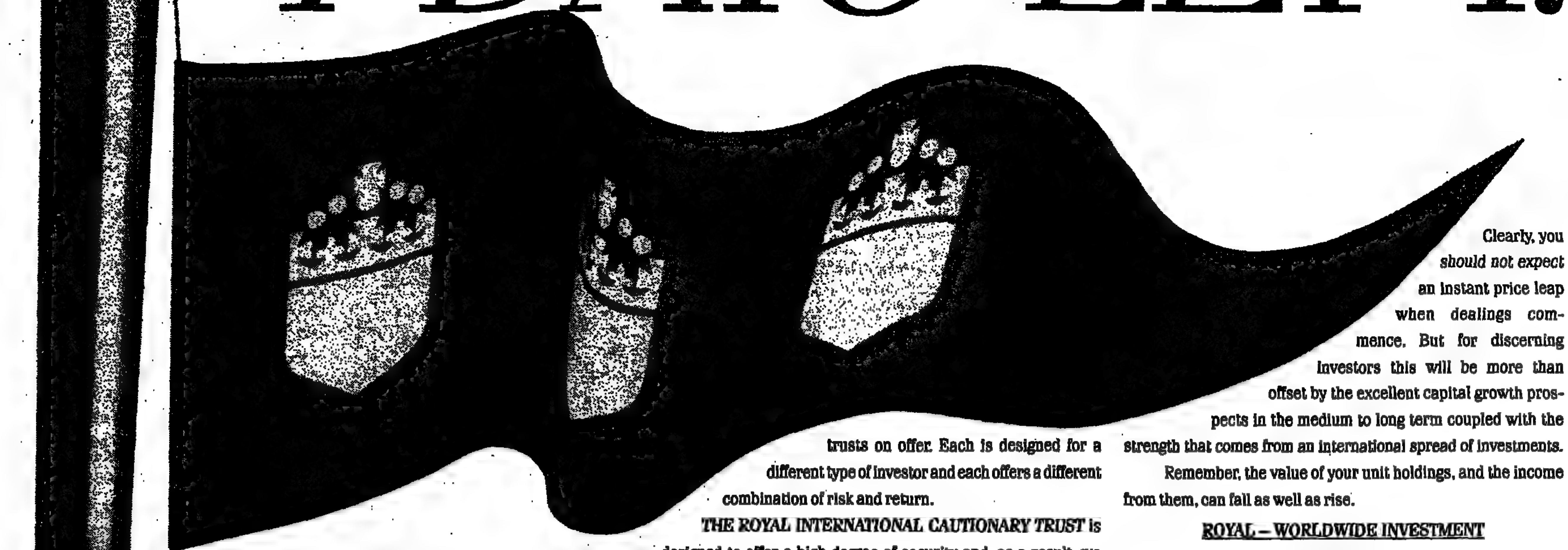
The initially much-sought-after 1982 clarets are increasingly coming into the saleroom and in this sale 22 different Châteaux were represented.

That they are fetching below their best prices this year can be seen by this week's first-growth figures: followed by the year's highest in parentheses: Lafite £520 (£560 magnums), Latour £520 (£580), Margaux £440 (£480), Mouton Rothschild £550 (£650) and Cheval-Blanc £460 (£520).

Edmund Penning-Rowsell

WINE, Page XXI

4 DAYS LEFT.



YOU'VE JUST 4 DAYS LEFT TO TAKE ADVANTAGE OF ONE OF THE MOST EXCITING AND VERSATILE INVESTMENT OPPORTUNITIES EVER SEEN.

The closing date for the "Royal Event" launch offer is 5p.m. Wednesday 30 September 1987. You must act now to share in the offer and in the success of the world's top companies, and to qualify for a 1% discount on all investments over £500.

The "Royal Event" is about investing in great companies like BP, IBM, Honda, Nestlé, Marks and Spencer, Mitsubishi, McDonalds, Coca-Cola and many, many more.

Some names you know. Others will be less familiar; but all have the potential to be exciting performers in the world's stock markets.

Unfortunately, investing directly into stocks and shares, to any worthwhile degree, is usually too risky or too expensive for most people. There is an easier way of investing in stocks and shares. And that's through a unit trust.

A unit trust is really just a collection of professionally managed stocks and shares, enabling you to share in the performance of many of the world's top companies. By pooling your money together with the savings of many other investors these new "Royal Event" unit trusts will buy a wide range of stocks and shares. Your investment in the trust will then move in line with the value of the stocks and shares within the trust.

Today more money than ever is being invested in unit trusts by people from all walks of life. The reason is simple, over the past ten years, the average unit trust has produced considerably greater returns than the average High Street Savings Account.

It is easy to take part in the "Royal Event". All you have to do is make a single investment in one or more of the three unit trusts on offer. Each is designed for a different type of investor and each offers a different combination of risk and return.

THE ROYAL INTERNATIONAL CAUTIONARY TRUST is designed to offer a high degree of security and, as a result, we believe the risks involved are strictly limited. The objective of the trust is to provide a greater total return than that available from a typical High Street Savings Account through a combination of both capital growth and income. Most of the investment will be in fixed interest and similar securities. The balance of the trust's funds will be invested in company shares around the world which have produced consistently good returns.

THE ROYAL INTERNATIONAL GROWTH TRUST has been designed to provide significant growth with an acceptable degree of risk. Its objective is to outperform the FT-Actuaries World Index (which measures the performance of the world's top 2,500 largest companies) over the medium to long term period.

This is achieved primarily through investment in shares of the major international "blue chip" companies, with a small proportion of the fund available for investment in secondary markets (such as Taiwan) and in companies set for major recovery.

THE ROYAL INTERNATIONAL SPECULATIVE TRUST will be investing for outstanding growth. The Fund Managers will seek out shares in exciting companies in the major markets (for example the US, Japan and the UK) and smaller companies in the emerging markets. In pursuit of this objective, the Managers may use traded options and warrants when appropriate.

Being the most adventurous (and consequently involving the most risk) this trust is for the investor who wishes, and can afford, to take a more aggressive approach.

Though there are three international unit trusts offered for sale, it is likely that many investors will choose just one trust, the International Growth Trust, because it *combines an appealing balance of security and risk* – the "middle line" investment.

Clearly, you should not expect an instant price leap when dealings commence. But for discerning investors this will be more than offset by the excellent capital growth prospects in the medium to long term coupled with the strength that comes from an international spread of investments.

Remember, the value of your unit holdings, and the income from them, can fall as well as rise.

ROYAL – WORLDWIDE INVESTMENT EXPERTISE

All three trusts will be invested worldwide by Royal's highly professional team of financial experts, who will aim to protect the returns of each trust by "hedging" any currency risk. Royal itself was established in 1845 and now manages over £11 billion throughout 80 countries. It has a worldwide branch network and also uses stockbrokers and analysts in all major financial centres. An investment in the "Royal Event" is an investment with enormous scope and potential.

HOW TO INVEST

You can invest in one, two or all three trusts – the choice is yours. The only requirement is that you invest at least £250 in each trust you select.

If your total investment is £500 or more, you also qualify for the 1% discount; each 50p unit you buy will only cost you 49.5p – with no upper limits.

When you have selected the trust(s) you wish to invest in, simply complete the application and return it today – the offer closes at 5 p.m. on 30 September 1987.

Don't forget to enclose your cheque made payable to "Royal Life Fund Management Limited".

Applications received after the close date will be issued at the offer price ruling upon receipt.

Send your completed application and cheque to:

The Royal Event of 1987,
FREEPOST, Peterborough PE3 8BR.

No stamp is required.

Remember, you have only 4 days left to qualify for the 1% discount. Don't miss the Investment Event of 1987.

Should you need any further help in completing your application, phone Royal at any time (free of charge) on ☎ 0800 626 563.

ANSWERS TO SOME IMPORTANT QUESTIONS

WHAT ARE THE CHARGES? Once only, at the time of your original investment, we make an initial charge of 5.25% for administration. Then, each year, we charge only 1% (plus VAT) of the value of your investment to manage it, although the Trust Deed permits this to be increased to 1.5% (plus VAT) subject to giving unit holders 3 months' prior written notice. These charges are *automatically deducted from your investment*. No additional payment is required by you. Remuneration is paid to approved intermediaries at rates which are available on request.

WHEN CAN I SELL MY UNITS? Whilst unit trusts should be treated as a medium to long term investment, you can sell your *units at any time*. Indeed, we are obliged by law to buy your units back from you on demand at the "bid" price ruling on the day you wish to sell. To sell, you simply fill in the back of your certificate and post it to us. *It usually takes about a week from the day we* receive your certificate for you to get your money.

Unlike shares you do not need to deal through a stockbroker or other share dealing house and no charges are payable by you on realisation.

***HOW CAN I FIND OUT HOW MUCH MY INVESTMENT IS* WORTH?** You will receive a certificate which shows the number of units bought in each trust. The prices and yields of these units are calculated daily and appear in the financial press. They will first be published on 7 October 1987.

WHO ARE THE MANAGERS? The Managers and Registrar to the Trusts are Royal Life Fund Management Limited, (Registered Office P.O. Box 30, New Hall Place, Liverpool L69 3HS. Registered No. 1609627).

The Managers may use all investments and investment techniques which may be authorised for investment by unit trusts in the future, provided they are consistent with the investment objectives of the respective trust and the Managers consider their use to be in the interest of the unit holders.

The stocks and shares quoted as examples are typical of the securities that will be held in the three trusts. The securities mentioned may not necessarily be included in the trusts as our view of various shares and markets will change as time passes.

CAN I TAKE AN INCOME? Yes. If you invest in the Cautionary Trust, which aims to combine capital growth with a degree of rising income, you will receive income payments twice a year – on 15 April and 15 October. The first payment will be made on 15 October 1988. The estimated gross initial income yield for the Cautionary Trust is 4.26% p.a.

The aim of the Growth and Speculative Trusts is to achieve substantial capital growth and all net income is automatically re-invested. Investors in these trusts will receive a tax deduction certificate and a report from the Managers in August (Growth) and May (Speculative) each year.

Reflecting their objectives of capital growth, the estimated gross initial income yields on the Growth and Speculative Trusts are relatively low; they are 0.64% p.a. and 0.43% p.a. respectively.

WHAT IS THE TAX POSITION? *Basic rate tax* (currently 27%) is deducted only from income payments, whether withdrawn or re-invested. If you pay basic rate tax, there is no further tax on income (just like a building society). If you pay higher rate tax, you will be required to pay some more tax at the end of the year.

However, unlike building society investments, non-taxpayers can reclaim income tax which has already been deducted.

The first £6,600 of realised chargeable gains in any one tax year is free of all taxes. In the longer term the rate of inflation can be applied to reduce any chargeable gains.

WHAT IS THE ROLE OF THE TRUSTEE? The Trustee is appointed to hold the assets of the trusts, to safeguard the interests of all unit holders and has overall responsibility to ensure that the rules of the trusts are being kept. The Trustee is Chase Manhattan Trustees Limited, P.O. Box 16, Woolgate House, Coleman Street, London EC2P 2HD.

The Trusts are authorised by the Secretary of State for Trade and Industry and classified as wider range investments under the Trustee Investment Act, 1961.

Note: The units and the trusts have not been registered under the appropriate US legislation and units may therefore not be offered, sold or delivered directly or indirectly in the US or to a US person.

ROYAL EVENT APPLICATION FORM

OFFER CLOSES 30 SEPTEMBER 1987 · 1% DISCOUNT FOR £500 OR MORE

The Royal Event of 1987, FREEPOST, Peterborough PE3 8BR.

First Applicant PLEASE USE BLOCK CAPITALS

Surname (Mr/Mrs/Miss/Ms) ____ Forename(s) in full ____

Second Applicant (If Trust(s) to be in joint names)

Surname (Mr/Mrs/Miss/Ms) ____ Forename(s) in full ____

Address of First Applicant ____

____ Postcode ____

Do you currently hold any Unit Trusts? Yes ☐ No ☐ Shares? Yes ☐ No ☐

I/We wish to invest (minimum £250 per trust) and enclose my/our cheque for the total made payable to Royal Life Fund Management Limited.

£ ____ in the Royal International Cautionary Trust

£ ____ in the Royal International Growth Trust

£ ____ in the Royal International Speculative Trust

£ ____ Total Investment

I declare that I am over 18 years of age and I am not a US national or a resident of Eire.

Signature(s) (All applicants must sign) Date ____ /Sept 1987 Signature(s) (All applicants must sign) Date ____ /Sept 1987

Name of Financial Adviser (If any) ____

Royal Life Fund Management Limited FTF.

Registered Office P.O. Box 30, New Hall Place, Liverpool L69 3HS. Registered No. 1609627.

A MEMBER OF THE UNIT TRUST ASSOCIATION

• FINANCE & THE FAMILY •

Battle lines drawn up

Employees are to be 'sold' company pension schemes and the benefits of final salary-based pensions. Eric Short reports

LIFE COMPANY executives, aware of the best-advice principle in the financial services legislation, are promising that their salesmen will not lure employees out of good company schemes into personal pensions when these become available next year. But pension managers and administrators of company schemes either do not believe the executives or feel the salesmen will turn a blind eye to any head office directives on the subject.

This was apparent at a London conference this week held by the Confederation of British Industry on the theme "Pensions in '88: Responding to the Challenge." And there was no doubt in the minds of speakers and delegates alike as to where the challenge is coming from—personal pensions and the salesmen.

Trade unionist Keith Standring, assistant general secretary of Apex, referred to "the battle to maintain the existence of good final-salary company pension schemes."

Without doubt, pension managers fear that many employees—especially younger ones—will opt out or not bother joining when membership of company schemes becomes voluntary on April 6. So what are the managers doing about it?

Only four at the conference described what their schemes were doing, so it was not by any means a large sample from which to draw firm conclusions. But they did give some interesting pointers.

First, they are going to make any inertia shown by employees work for them. Employees automatically will remain in their company scheme unless they take formal action to withdraw. One manager suggested they should have to give official notice of intent to pull out—say, a month.

While all agreed that employees should be encouraged to discuss the decision with their families, no one was prepared to grasp the nettle of requiring employees to do this—or to tell wives or husbands of the employee's action.

Next, companies generally are cutting back on the time an employee has to wait before joining in-house schemes.

Some schemes still make employees wait until age 25—the object being to cut down on the administration involved in dealing with those who stay in the firm only for short periods. Now, the danger is that while employees are waiting they will be vulnerable to the personal pension salesman.

Opinions varied on whether companies should continue to provide lump sum death-in-service benefits to employees who opt out. Some managers argued that losing the benefits would deter employees from leaving, especially if the spouse knew what was happening. (This stance usually has the full support of the trade unions, which are still very hostile towards every aspect of the Government's pension changes.)

Other managers felt, however, that the benefit should be provided to all employees. This might encourage them to leave and take personal pensions, but it avoided problems dealing with widows of people who opted out and then died, leaving severe financial problems behind.

There were also divided views on whether schemes should readmit employees who opted out.

Some managers took the hard line: no readmittance under any circumstances. Others were prepared to allow one re-entry, usually before a certain age and possibly with medical evidence to show the employee was healthy.

Again, it was admitted that such action could encourage the more financially-aware employees to opt out when younger, a time when conditions favour personal pensions. But it was felt they could return later when the company scheme had the edge.

Very few schemes seem prepared to meet the challenge by offering an in-house personal pension — the Contracted-Out Money Purchase Scheme. The concept that benefits based on final salary are the only way to provide pensions seems ingrained too deeply among managers brought up on the system.

Neither were schemes prepared to alter the contribution paid by employees which, in many cases, is as high as 6 or 7 per cent of earnings, even though this offers a very real temptation to opt out simply to increase take-home pay.

All schemes were adamant that employers would not contribute to an employee's personal pension above the legal minimum—although all admitted that where a key employee could bargain for his terms of employment, a contribution might be made.

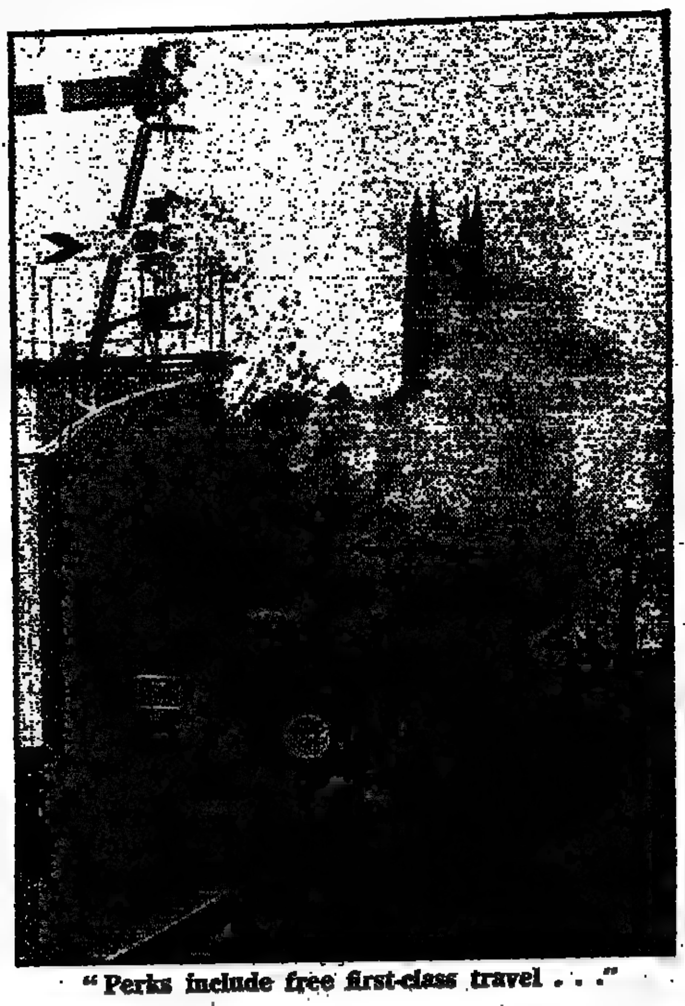
However, all speakers had one thing in common. They intend to undertake a mass communication exercise to "sell" to employees company schemes and the benefits of final salary-based pensions.

Videos have been (or are being) prepared, using well-known actors in many cases. Literature has been rewritten in plain English with attractive layouts. Personnel department staff have been trained to pass the message to employees at their work stations. Company newspapers and magazines are carrying articles on the subject and provision is being made for person-to-person counselling.

All the speakers at the conference worked for large companies that could afford such exercises. Whether smaller employers will be able to do likewise is not clear.

These campaigns will be starting before the year is out—well before personal pensions are promoted by life companies. Never before has so much trouble been taken to explain company schemes and their benefits to employees in a manner they can understand.

If the legislation does no more than bring about this better awareness and communication, it will have been worthwhile.



"Perks include free first-class travel . . ."

Bond issue by rail buffs

SPECULATION on unbuilt railways used to be a past-time reserved for rich or foolhardy Victorians, but the modern enthusiast will soon have a rare opportunity to invest in steam.

On September 29, the owners of a private track in Kent are launching a limited issue of "railway bonds" to finance what is—at least by Victorian standards—a modest two-mile extension into deepest Sussex.

The eight locomotives of the Kent and East Sussex Railway can now steam only as far as the border between the two counties. The line's owners, the Tenterden Railway Company Limited, wants to renew the rail link between the counties, which lapsed 30 years ago when British Rail closed the track, and to recreate a 1930s' country station at Northiam in East Sussex.

The company's charitable status prevents it from issuing shares to raise the £225,000 required for the project, but there are also historical reasons for the £175,000 bond issue. "Bonds were used by Victorian railway-owners as the most common method of raising funds," says Mark Toynbee, the line's volunteer public relations and marketing director.

The bearer bonds yield 7 per cent interest a year but the volunteer staff at the line's headquarters in Tenterden, Kent, clearly hope that railway buffs will frame their bond certificates as souvenirs and not deface them by tearing off the coupons to claim the interest.

When the company launched a similar fund-raising effort in 1980 the bond issue was fully subscribed, a £20,000 extension was built and claims for interest were negligible.

In any case, nostalgia rather than hard cash is the most notable return from investment in the railway. The bonds will be available to investors in denominations from £25 to £1,000, and subscribers to the more valuable of them will be entitled to perks which the average steam enthusiast would probably regard as priceless. These include free lifetime first-class travel on the line and tickets for the railway's up-market evening dining train, the Wealden Pullman. "We're hoping that people will invest as a bit of fun," says Toynbee.

This is probably the main reason why volunteers like him are involved with the line, bought in 1971 by a group of enthusiasts who aimed to re-open 10 miles of derelict track between Tenterden and Bodiam, East Sussex. But the railway also is a business. The South-East England Tourist Board is supporting the project, and backing the company's claim for a tourism development grant to top-up the £225,000.

The five miles restored so far cost £350,000 a year to run, and almost 60,000 passengers travel on the line annually. Even if the bond issue is successful and the extension opens in 1990 as planned, 90,000 passengers will be required every year to make it pay.

The extension to the final stop on the line, Bodiam, will be even harder to accomplish. The number of bridges in the last three miles would more than double the cost of completing the line, bringing the total required to nearly £750,000.

Andrew Hill

• FINANCE & THE FAMILY •

The dodo lives on

Bob Huntley concludes a short series on investment trusts

WHEN investment trusts are referred to in the City as strange animals or cross-breeds, the analogy is not as daft as it sounds at first. Just as experts in the animal kingdom have become obsessed with the future of certain species, so financial pundits have debated for years the pending extinction of the investment trust.

For those who regard investment trusts as anachronisms, it is a matter of when, rather than if, they vanish. Others who hold the sector dearer to their hearts (and perhaps their bank balances) believe the trust is a hardy fighter which will hold its own in the City jungle for the foreseeable future.

Something on which almost everybody agrees is that the industry is going through a period of rapid change, the pace of which will be maintained or even accelerated. The past decade has been marked by a spate of takeover bids from groups outside the industry in search of disguised rights issues, as well as a series of self-imposed reorganisations which has seen trusts transformed into unit trusts or altered radically into specialist sector funds. At present, the penchant is for a new form of change—conversion into limited-life, split capital trusts (see panel).

Perhaps the most dogmatic of investment trust entrail-readers is Richard Thornton, of the eponymous fund management group. Far from just gazing at his crystal ball, Thornton believes he has just thrown in through a window in the trusts' ivory tower with his recent takeover bid for Touche Remnant Pacific Basin trust.

Thornton bid for the TR trust using his Thornton Pacific fund, a Luxembourg-based unit trust. He withdrew his bid after TR announced a complex reorganisation of the fund including partial unitisation which topped his terms.

Many investors would perhaps feel uncomfortable with offshore trusts, given the suspect reputation of some who operate from overseas, and Thornton admits that as new concepts they would have to be "sold" to investors.

Thornton also is convinced that investment trusts will come under pressure from the domestic, authorised unit trust industry which soon will be allowed by the Financial Services Act to put unitholders' money in so-far forbidden fruit such as options, unlisted shares, commodities and buildings,

erasing some of the investment trust's advantages.

The view from the City's trust-watchers, who can perhaps take a step further back from the fray than Thornton, is more sanguine. Nonetheless, Hamish Buchan, of stockbroker Wood Mackenzie, continuing the animalistic theme, foresees a period of "financial Darwinism" from which only the fittest will survive.

Apart from the rapidly-growing numbers of split-capital funds, Buchan sees a bright potential for sub-species of trusts which can provide index-linked investment for the small investor, or which specialise in smaller, unquoted firms.

Trusts which provide funds for emerging enterprises, he says, would be harking back to the origins of the sector last century when money raised in Britain was shipped abroad to develop the railways and farmlands of the New World. The index-linked concept would parallel those funds already developed by several management groups for pension funds and other institutions. Both functions, Buchan feels, can be fulfilled better by investment trusts than unitised funds, despite the legislative changes ahead.

The funds for which he foresees danger are those which operate in mature markets and cannot take full advantage of the unique features with which investment trusts are endowed. He cites particularly specialist Japanese funds. Not only is it difficult for such trusts to gear up suitably to buy Japanese stocks, but the Tokyo market is so large and so important that any institution worth its salt has already assigned its own people to monitor it and has no need of an investment trust.

Buchan has even less encouragement for the new breed of trusts operating in smaller, less mature markets. He feels their value will dwindle as those markets become more mature and accessible to direct investors.

Most experts see the future for investment trusts as being more geared to private investors than the institutions. Vince Sylvester, of stockbroker Quilter Goodison, predicts a two-tier industry with most trusts playing to the individual and just a few specialised ones catering for the large funds, (which would have liquidated their holdings in the older, general trusts long ago had it not been for capital gains tax worries).

All this is music to the ears of Mark Fitzalan Howard, of merchant bankers Flemings, which manages 10 trusts. He would dearly like to see the sector revert to one built around individuals, who stumped up the first funds more than 100 years ago, and he is confident this will occur.

"If unit trusts can draw £1bn net a year, then there are a lot of potential investors out there. The real pool of money we must aim for is the £100bn-plus in the building societies," he says.

For the time being, at least, it seems that reports of the investment trust sector's death are somewhat exaggerated.

SPECIAL FEATURES AIM TO ENTICE

People seeking a bit more kick from their investment trusts could well look at some of the special features that some of the funds offer, particularly warrants and different classes of shares.

Warrants—essentially long-term traded call options—can be particularly enticing, offering both gearing and a chance to spread risk. Money saved by not buying the shares outright can be used for a low-risk investment.

A quick study of the warrant terms and some simple arithmetic can show the bargains on offer, with some shares needing to rise only 10 per cent over the next six years for the warrant-holder to be in the money.

There is a downside, of course. Higher gearing works against the warrant-holder when the share price is falling; markets in the warrants can be rather thin; and a warrant-holder will lose out in a takeover if his buy-in price exceeds net asset value, as there is no duty for the bidder to compensate him.

Split-capital trusts also deserve attention, especially as they are returning to fashion as a vehicle for investment groups to restyle existing trusts and reduce the discount to asset value.

Split-capital funds stand out in two ways from more conventional trusts. First, they have a fixed wind-up date when the assets will be distributed to shareholders. Second, the ordinary capital is split into capital shares and income shares. The former receive no income but all the capital appreciation when the fund is wound-up. The latter receive all the income every year but get little returned to them when the show is over.

Choosing between the two will depend on your investment priorities and your tax position. Like warrants, the capital shares offer exciting gearing opportunities and are attractive to the high-income taxpayer. The income shares offer an attractive yield to those looking for a quieter life and low capital gains liability.

Needless to say, some fund managers are now finding ways to combine the qualities of both shares. River and Mercantile Trust revamped itself earlier this year by offering shareholders not only capital and income shares but also a stepped preference share combining capital and income growth. Scottish National Trust went one better recently by proposing a fourth class of share — a zero dividend preference share.

You can expect more of these revampings soon, and more ingenuity in the design of new types of shares. However, there does appear to be an obvious danger that any further complexities will baffle and deter the investor in the street.

B.H.

FINANCE & THE FAMILY

Christine Stopp looks at well-established unit trusts

Old money is so much better

FOLLOWING last week's look at the "new funds appeal" of insurance companies entering the unit trust market, today's table examines how old funds compare.

It shows the top five performers in the UK growth sector over 10 years to September 1, traces their record over various periods, and compares them with the top five trusts from the same sector over one year.

Though none of the 10-year top five is also in the one-year top five, the picture that emerges is heartening. The older trusts have, on the whole, maintained a consistent record of performance above the sector average, GT UK Capital being the only trust to fall below average over two of the periods shown. Even over one year, three out of the five are in the first or second quartile.

The one-year top performers are almost all trusts with less than a three-year record and two of them, Tyndall Smaller Companies and Windsor Growth, are very tiny. Brown Shipley Recovery has perhaps the most striking record, with a top-10 performance over five, three and one-year periods.

The old versus the new: performance

(Figures show percentage growth and sector ranking, offer to bid, income reinvested, for periods to September 1 1987)

Top five trusts over 10 years:	10 years	5 years	3 years	1 year
Sentinel Small Companies	1,245.4 (1)	399.8(36)	192.2(33)	86.4(14)
Framlington Capital	1,216.2 (2)	394.5(20)	191.6(34)	53.3(75)
MIM Britannia Smaller Companies	1,190.6 (3)	383.6(21)	162.5(48)	71.5(49)
M & G Recovery	1,114.9 (4)	433.3(14)	222.2(17)	60.5(61)
GT UK Capital	1,095.9 (5)	274.2(22)	162.0(49)	48.0(83)
Top five trusts over one year:				
Manulife UK Smaller Companies	—	—	—	128.5 (1)
Govett UK Special Opps	—	—	—	116.3 (2)
Tyndall Smaller Companies	—	—	—	108.1 (3)
Windsor Growth	—	—	—	102.8 (4)
Brown Shipley Recovery	529.3(40)	557.3 (6)	271.8 (9)	100.7 (5)
Sector average/total funds	717.0(55)	330.2(76)	173.1 (100)	57.9 (135)

Source: Money Management

A consistent, above average performance record over a long period is supposed to be what a unit trust is all about. Ironically, though, the industry has been dragged more and more of late towards a position where only new trusts are marketed. Groups find that there is little appeal in a steady historical record. What excites investors is the promise of an unknown, but potentially princely, future again.

"The punters have been on a top-ten diet," says Keith Crowley of MIM Britannia. "If it isn't in the top ten from here until Doomsday, it's a rubbish fund. In practice, the people who have been making the most money over the past few years have been those who have gone into a sector at a reasonable price and stayed — not reacted to every fall in the market."

It is hard to get this sort of philosophy across in marketing terms. In the past few months MIM Britannia have been promoting their Smaller Companies trust, but it is "hard to make that pay for itself, because of the new funds' cachet."

Get rich steadily: Keith Crowley

MIM Britannia have been well known for freely marketing new trust launches. They have 35 trusts, including some 16 new funds which have appeared over the past five years. The recent MIM merger, shortly to be followed by the swallowing up of the County funds, may have given the group a touch of indigestion as regards further launches.

Crowley says that they are now following more of a "revamp and relaunch" marketing policy. Like most other mature groups, MIM Britannia recognises that it is self-defeating only to push new funds.

Different from the rest of the industry in this as in other ways, M & G sails blithely on, doing what everyone says you cannot do: expanding happily by marketing only existing funds. A new launch with M & G is a rarity, the last one was more than two-and-a-half years ago. In spite of this, the Recovery trust was the industry's second biggest seller in the second quarter of this year.

M & G's Roger Jennings thinks it is a myth to say that you cannot sell old funds. He feels people simply have not persisted in trying. Old trusts can perform very well. They have stability, which is what people want, and you can also market them on a "we'll carry on looking after you" platform, he says.

It is difficult to find a unifying characteristic among the old trusts which would explain their steady records. They are not similar in size. Sentinel, MIM Britannia and GT are all under £30m, while Framlington Capital is around £150m, and M & G Recovery nearly £500m.

Neither is stability of management the secret of their success. While Bill Stuttaford has managed the Framlington trust since its launch in 1969, and the M & G trust—also dating back to 1969 — has had only one change of manager, the top trust, Sentinel, has had several owners and been subject to quite a few management changes.

From an investment point of view, what are the dangers of managing an old trust? "The manager becoming complacent," suggests Sentinel MD Richard Luders, "or getting to a stage where he has favourite stocks which he can't bear to sell." To avoid these pitfalls, a well thought and consistently operated investment discipline is essential. A periodical change of manager may also be a positive help.

It is several years now since there was a single month with no new unit trust launches. Management groups are evidently beginning to realise that the merry-go-round must slow eventually, and are preparing marketing strategies to respond. Greater promotion of older trusts and a longer-term investment strategy may come to the industry's rescue when bull market conditions crack.

BRIDGE

TODAY WE shall concern ourselves with counting. My first hand is from a Congress duplicate pairs. Here is: Counting the Cards:

N
♠ K 9 4
♡ 10 5
◇ Q 10 4
♣ A Q J 6 5

W
♠ Q 10 3
♡ Q J 8 2
◇ A K 7 3
♣ 7 2

E
♠ 8 6 5
♡ K 9 7 4
◇ J 6 5
♣ 9 8 3

S
♠ A J 7 2
♡ A 6 3
◇ 9 8 2
♣ K 10 4

With neither side vulnerable, West dealt and bid one diamond. This was passed up to me in the South seat, and I reopened with a double. My partner replied with three clubs. He should, I think, have bid three no trumps to take the strain off me, but I took a chance and bid the no trump game.

West led the two of hearts, East played the king, and was allowed to hold the trick. Even at this stage I could place all the cards. West must hold ace, king of diamonds, the queen of spades, and both the missing heart honours. His heart lead from a four-card spit pointed to the fact that he had four diamonds — with five he would have begun with a diamond.

I ducked the heart return—not to exhaust East of that suit, but to advance the play in preparation for an endplay. I took the third heart, and ran four rounds of clubs, West throwing the three of diamonds and the heart queen. On the last club West threw another diamond; and the stage was set. I cashed dummy's king of spades, and put West in with a diamond. After making the ace and king, West had to lead from his queen of spades into my ace, knave tenace.

The next hand has just been sent to me by my friend Bruce Bell, the New Zealand star. He played it recently during a session of rubber bridge in Auckland. Here is: Counting the losers:

N
♠ 10 5
♡ 4
◇ Q 10 9 8 6
♣ A 7 6 4 2

W
♠ 9 8 6 4 3
♡ K Q J 9
◇ A
♣ K J 8

E
♠ 7
♡ 10 6 5 3
◇ 7 5 4 3 2
♣ 10 9 3

S
♠ A K Q J 2
♡ A 8 7 2
◇ K J
♣ Q 5

At game all Bruce, sitting South, dealt and bid one spade. North replied with one no trump, and raised South's rebid of three spades to four. This concluded the auction.

West led the king of hearts. (The average player takes his ace, ruffs a heart in dummy, and returns a diamond to king and ace. West leads a trump to the ten, South overtakes with his knave, but the 5-1 break seals his fate.) Bruce played like the expert he is — he allowed the king to hold. He could afford a loser in hearts. The queen, which followed, was ruffed with the five of spades, the 10 was cashed, and declarer switched to a low diamond, his king falling to the ace. The knave of hearts was taken in hand, West's four trumps were drawn, and the four diamonds on the table and the ace of clubs took the rest of the tricks —four spades plus one. Beautifully played.

There is nothing more satisfying than fulfilling a contract by an essential safety play. This is what makes team play and rubber bridge superior to match-pointed pairs.

E. P. C. Cotter

• FINANCE & THE FAMILY •

Retirement relief

My husband and I are partners in a guest house which we have run for the past 14 years. My husband is approaching 60 years of age and is two years older than me. Will it be necessary for both of us to reach 60 years of age before we can claim relief on any caiptal gains when selling our house which we use for the business and our home?

If the sale contract is made on or after your husband's 60th birthday, but before your own, then he will be eligible for the so-called retirement relief from CGT, but you will not (assuming that you are in reasonable health). The Inland Revenue has indicated that it will challenge any transfers between spouses which appear to be aimed at increasing the amount of prospective retirement relief —under Furniss-v-Dawson principles.

You will find general guidance in a free pamphlet on retirement relief, CGT6 (1986), which is obtainable from your tax inspector's office. At the same time, you may like to ask for the pamphlet on owner-occupation relief, CGT4 (1983).

Fee from Finland

I have recently been paid a fee, net of tax at 35 per cent, for presenting a paper in Finland. Is there an Anglo-Finnish tax agreement which moderates my UK tax liability in respect of the fee?

You appear to be entitled to repayment of the Finnish tax, by virtue of either article 15 (independent personal services) or article (professors and teachers) of the Finland-UK double taxation convention of July 17 1969, as amended up to October 1985. No doubt the university which paid you the fee will be happy to assist you to recover the 35 per cent tax from the Finnish authorities.

All above board

I am one of some 200 shareholders in a private property company of which the shareholders are the owners of the one-bedroom and two-bedroom flats or apartments and the surrounding gardens which are part of this estate or property.

The duly elected board of management has recently started to invite a few, individual, shareholders with so-called "specialist" professional knowledge to attend at the start of board meetings in order that they can present to the directors these so-called "specialist" personal views on the conduct or management of the company's affairs with which they may have disagreed or be at variance with the board. The board has done this without any prior consultation with any of the other numerous shareholders who consider such action by the board to be improper or illegal. The so-called "specialist" shareholders do not attend the full board meeting; they remain only from the start of such a meeting to present their views; then they depart.

Can the board property or legally invite such individual shareholders to attend board meetings in any capacity without the prior agreement of the other numerous shareholders? And if not, what part of company law or other legal requirement has the board offended or contravened? And, if the board is at fault in such action, what poper or suitable redress can be taken?

There is nothing in the memorandum or articles of association of our company that permits any shareholders to attend board meetings in any capacity. Copies of board meetings are made available, on request, to shareholders as a means of better communication between the board and the rest of the numerous shareholders.

In the absence of any express term in the company's articles of association dealing with the situation which you describe, there would appear to be nothing unlawful in the board's conducting its affairs in that manner.

Will is missing

Some years ago I provided the money for the purchase (I have proof) of the freehold of my father's house, both as an investment (the house had been left in his will to me). and as a gift. Because it was to be put in his name, it seemed sensible to use the most favourable method of purchase, for example the Leasehold Reform Act. No problems could be foreseen arising from this method.

BRIEFCASE

My father however, has since died and his will is missing.

Can I claim that my father held the entire freehold value in trust for me, or am I entitled to only part of it, bearing in mind that his tenancy contributed to a reduction in the cost of the freehold?

While you could claim that the entire property was held on trust for you it is unlikely that such a claim would succeed. Your better claim would be to the proportion of its value which your contribution bore to the full vacant possession market value at the date of purchase of the freehold.

Impossible to shift

My elder daughter left the UK for Australia and SE Asia in July 1986. She is expected to return to the UK before next spring or summer.

She has investments. The income from them is less than her personal allowance. The tax office has all the particulars and agree she has no tax to pay as all sums deducted at source should be repaid to her.

Before leaving she gave me and my wife power of attorney so that we could legally act on her behalf in various matters, including her tax returns, during her time away. But the tax office was adamant that her income tax return form has to be signed by her and nothing else can be used as substitute for her signature on that form.

Because she is constantly moving addresses and does not know her future address I am not able to send her the return to sign. Is there an alternative which satisfies the Inland Revenue?

We cannot offer you any hope of shifting the Revenue from its position, as set out in Statement of Practice A13.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Change in policy

On July 4 you answered a query regarding establishing a loss on building society shares. The inspector of taxes had indicated a refusal.

You quoted various sections of finance acts but recently I read that due to the election the latest Finance Act was not passed in full and that since then the Government has closed this loophole and that claims for lossess or no longer permissable. Is this true?

On July 3, five days before the Second Reading of the summer Finance Bill, the Inland Revenue announced that the Chancellor had changed his mind on the principle of allowing CGT relief for the effects of inflation upon shares in co-operative societies, building societies, etc, as set out in his 1985 Budget speech. As we explained in a reply published on January 31, it is wrong to refer to this principle as a loophole: it was deliberate policy (reversing the policy adopted by the previous Chancellor in his 1982 Budget). Surprisingly, however —and indeed unprecedently, as far as we can trace—the Chancellor decided not to insert a clause in the then current Finance Bill to restore the indexation-relief restriction imposed by his predecessor; instead, he plans to include a clause to this effect in the Finance (No 2) Bill next spring, and to ask MPs to agree that the 1988 legislation take retroactive effect from July 4 1987. Since such retrospection, to a date preceding the Second Reading of the previous Finance Bill, is without constitutional precedent—and since it would bear hardest upon people with moderate savings—the members of the Standing Committee on the Finance (No 2) Bill may well decline the Chancellor's request for retrospection beyond the beginning of 1988-89.

CHESS

THE CONTROVERSIAL Chess for Peace international in north London (September 1-11) will be remembered for its planned record prize fund of £100,000, reduced to £9,000 when the Saudi sponsors withdrew. Their precise reason remains unclear, but the presence of Israeli competitors looks the most likely.

Aly Amin, proprietor of the Chequers chess restaurant at Camden Lock and tournament impresario, was widely blamed for the turn of events, but by many criteria Chess for Peace was a distinct success.

The diminished prize fund was still exceptionally good by the standards of similar tournaments: equal to the Kleinwort Grieveson British championship, nearly twice Lloyds Bank, and several times that of Brighton and the Commonwealth championship which in their day were highly praised by Amin's severest critics. On-site accommodation for overseas players was a welcome novelty.

In spite of the British Chess Federation's splendid achievements in recent years in organising the world championship and other top level events in Britain, opportunities for those below super-grandmaster standard have sharply diminished. We have only Hastings, the British championship, Lloyds Bank and the Nat-West now as regular international class tournaments, little better than in the supposed dark ages of the 1950s and 1960s. In that context, it will be a major plus if Chess for Peace becomes an annual event, so I hope Aly Amin will try again in 1988.

Hodgson and *Crawley* (England) and Barua (India) shared the £4,000 first prize with 9/11, ahead of Hebden (England) 8. Hodgson won the trophy after a blitz chess play-off, but the hero of the tournament was the little-known Gavin Crawley. He had to default an early round to attend a work interview, so effectively scored 9/10.

White: N. Birnboim (Israel). Black: J. E. Littlewood (England).

King's Indian Defence (Chess for Peace 1987).

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 P-KN3, B-N2; 4 B-N2, O-O; 5 N-KB3, P-Q3; 6 O-O, QN-Q2; 7 N-B3, P-K4; 8 Q-B2.

This and White's next allow a promising black gambit; normal and best is 8 P-K4.

8 . . . R-K1; 9R-Q1, P-K5; 10 N-Q2, P-K6! 11 PxP, N-N5; 12 N-B1, P-KR4; 13 P-KR3, N-R3; 14 N-Q5, P-QB3; 15 N-B4, N-B3; 16 P-K4, Q-K2; 17 N-Q2, P-R5!

White's extra doubled pawn is more than offset by his disorganised pieces and Black's chances for dark square attack.

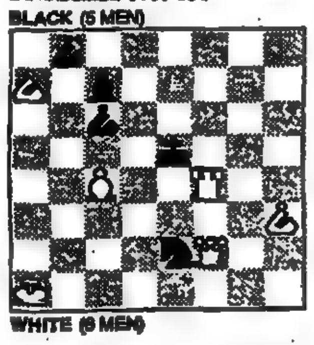
18 P-KN4, N(B3)xNP! 19 PxN, BxN ch; 20 K-B1, NxP; 21 N-B3, B-K6; 22 Q-Q3, QxP; 23 QxQP?

He had to try 23 QxQ, RxQ; 24 N-R3.

23 . . . BxN; 24 BxB, P-R6; 25 BxP, QxP ch; 26 K-N1, Q-B7 ch; 27 K-R1, QxN ch; 28 B-N3, N-B7 ch; 29 K-N1, N-R6 ch; 30 BxN, BxB; 31 R-Q2, QR-Q1; 32 Resigns.

PROBLEM NO. 690

BLACK (5 MEN)



WHITE (6 MEN)

White mates in two moves against any defence (by V. Marin).

Solution Page XXIII

Leonard Barden

• TRAVEL • MOTORING •

Our writers test slopes in Switzerland and Italy and try out langlaufing in Germany

A taste of the high life

A STRANGE sight greets winter visitors who approach Livigno, the Italian skiing resort which nestles in a broad valley near the Swiss border. Metre-high upended doughnut shapes stand like gravestones in the snow-covered fields.

These, I was informed with some seriousness, are not icons of old gods but dung rings moulded in the autumn *before the first snow*. The theory is that with the spring thaws the rings roll down the fields, automatically fertilizing the fields before crop planting.

After a tiring six-hour journey from Milan, with the last kilometres snaking up a winding series of hairpin bends, you get the feeling that Livigno does have its eccentricities.

Livigno was once a penal colony but today this compact and popular skiing resort panders to the fun-loving skier rather than the renegade. It has the privilege of being a duty-free zone, like Andorra in Spain, and thus is a strong attraction to travellers whose interest tends to the après part of skiing.

For skiers who do manage to leave the cafes and bars, Livigno offers two separate downhill skiing areas boasting about 80 km of runs, plus about 100 km of cross country ski trails. Livigno is a high resort rising from 5,958 ft to 9,496 ft, so that there is usually guaranteed snow throughout the season.

The Motolino drag lift takes you to the top of the western side of the skiing area. It seemed to me that the most challenging aspect to a skiing holiday in Livigno was not necessarily the piste but the lift system.

Having captured a button and thrust it between my knees in the time honoured fashion, I then settled down for the jerk into motion. What met my gaze as I lunged forward was the equivalent of a wall of death.

The button lift was pulling me towards a solid wall of ice. Panic had set in by now but fear of a humiliating fall in front of a large queue prevented me from dropping off the lift. I shut my eyes. My knees were forced nearly to my chin as the button lift dragged me up the wall. I was now at a right-angle to the wall. Time stopped.

Suddenly, the test was over, or so I thought. Once more the sky and ground had resumed their normal positions. I relaxed. But it was not to be. The Motolino is a long drag in every sense of the word, taking more than 15 weary minutes to reach the summit.

Once at the top, however, the skier is rewarded with lovely views of the whole valley. Both sides of the mountain are available for skiing with a large variety of runs to suit intermediates and beginners. There are several challenging runs with opportunities to show off your technique or enormous open spaces where you simply cruise at your favourite speed.

Skiers can either stay on the sunny slopes of Trepalle, or take the two-stage chairlift over the ridge of the mountain to explore the more challenging Monte della Neve area.

On the other side of the valley are various runs. Most interesting for intermediate skiers is the Carosello at 9,100 feet, with its long run back to the village with a drop of 3,200 feet on the way.

A ski bus operates between the two areas. For non-skiers, Livigno offers horse sleigh rides, ice skating, curling, swimming, ski-bobbing and tobagganing — plus, of course, an embarrassment of drinking houses.

Elaine Williams

Eiger, Eiger, burning bright

THERE IS something rather naughty, perhaps even arrogant, about carrying on skiing after the lifts have closed. And Wengen, in Switzerland, is one of the few places where it is possible, thanks to the mountain railway.

Skiing at twilight—or even by *moonlight*—from Kleine Scheidegg or Wengernalp is not exactly banned, but somewhat frowned upon and definitely at your own risk. Yet if it's a bright and sunny evening, all you have to do on what would normally be your last run down to the village is to whip your skis off, jump back on the train, and return to the top again.

The run down from Kleine Scheidegg is straightforward, but there is something exhilarating about skiing it in the cool night air of early evening when it is almost deserted. Take it gently, though, because there will be no one to rescue you if you fall.

The British like to think they virtually invented Wengen, and the coming of the mountain railway early in the century led to the formation of a truly British institution, the Downhill Only Club or DHO. (They have never forgiven me for once referring to them as the DOC in this newspaper.)

In those days there were no ski lifts, and in most resorts if you wanted to ski *down* you would have to walk *up* first. Hence in Wengen it became their boast in 1925 that they *skied downhill* only!

Apart from the DHO and "their" railway — which ascends to the Jungraujoch, at 11,333 ft the highest station in Europe—Wengen is famous for many other attractions. The Lauberhorn may be one of the most exciting World Cup downhills, but even that is eclipsed by the mountain that strikes fear and excitement into so many hearts—the Eiger. Although it is flanked by two slightly taller giants, the Monche (Monk) at 13,449 ft. and the Jungfrau, 13,642 ft. it is the Eiger's North face that has the deadly attraction.

You can get very close to it on skis by traversing and climbing a hundred yards or so to the top of the White Hare, a delicious powder run that starts from a bowl at the very foot of the Eiger. But don't try it without a guide because it is often avalanchey.

During our visit, arranged by the Swiss Travel Service, two Korean climbers had become the latest victims of the North Face. They had arrived a few days earlier to try to climb it. And just disappeared. It seemed somehow rather inappropriate that while we buzzed hither and thither along the endless and fairly undemanding selection of blue, red and occasional black runs, two recently frozen bodies were somewhere above us.

Mountains, like oceans, are powerful, attractive and not always friendly.

The contrast between leisure skiing and matters of life and death is further emphasised by the row of "windows" in the Eiger where the railway tracks *cut through* the North face as they curl inside the mountain towards the top of the Jungfrau and its vast glacier.

Looking out from these windows is a surreal experience—somewhat akin to looking through a hole in the tunnel of Leicester Square tube station and finding oneself halfway up the Matterhorn.

The windows are no mere tourist attractions. They provide a vital and quick route on to the fearsome wall for rescue attempts, and we have silently witnessed dramatic and sometimes tragic events.

Elsewhere in the region trains have a more functional and picturesque role. If you want to ski down to Grindlewald you can return by train. Or one day you might care to take yet another train route down to Lauterbrunnen and then by funicular and train to Murren, home of the Kandahar Club and the famous Shilthorn, starting point for the classic all-comers' race, the Inferno.

On top of the Shilthorn is the highest revolving restaurant in Europe, which for the purposes of the Bond film *On Her Majesty's Secret Service* doubled as the villain's lair.

In the course of an hour-long meal, your table—in common with everyone else's — will gradually inch its way through 360 degrees, giving you some breathtaking views of the Bernese Oberland. Not too much red wine, though—the descent from the Piz Gloria restaurant is steepish and often considerably mogulled. If you are careless there is a danger of revolving long after you have finished your meal.

All these mountain railways are fun and delightfully atmospheric, but they are also on the slow side; so don't try to ski in Murren and Grindlewald and Wengen on the same day, or you will find yourself on the train half the day.

The ski-ing in Wengen and Grindlewald is plentiful without being too challenging, and you can't fail to be overawed by the beauty of the scenery. Do be prepared for lots of Brits, though. They roam around as if they own the place. Perhaps, in a sense, they do.

● **Swiss Travel Services Ltd, 54 Ebury St, London SW1. Telephone 01-730 8911. The cost of seven nights half board in a three star hotel in Wengen starts from £259 per person, including return scheduled flight to Berne, Zurich or Basle.**

Arnold Wilson

On the level in Bavaria

I HAD been skiing twice before, 20 years ago, and had not enjoyed myself. As a novice of 40 I had found myself cast in the role of buffoon in the beginner's class, lingering in the shadows of the nursery slopes while my children rapidly ascended by skilift to the world of light above. I had reconciled myself to foregoing the sport: a pleasure for some, no doubt, but I had come to it too late.

However, at the age of 60, I was now signing on again for a langlauf week in Oberammergau, persuaded that one could take up cross-country skiing at any age and be granted the freedom of the snowfields.

Cross-country skiing is certainly a growth business—best, every one agrees, in Norway, but with new resorts specialising in the sport opening up every year in Austria, Switzerland, France and Germany. It has so many advantages over the downhill activity that I'm surprised it hasn't caught on even more.

Downhill skiing offers more kicks, but it has substantial drawbacks. People who take it up young can expect to enjoy skiing to an advanced age, but, as I had found myself, it was not so easy for the middle-aged to acquire a sufficient technical competence to make the runs pleasurable.

You are dependent on lifts and cable cars, and when you do get to the top you have only one way to go—down. The exhilaration of the piste has to be balanced against the crush, the queues, the waste of time.

Langlauf, though more gutty, is in another sense less demanding, more relaxed. You can take it up at any age; it is admirably suited to family holidays; it is cheaper because you are not constantly forking out for your upward transport; the loipers, as cross-country pistes are called, are likely to be less crowded, but you don't have to restrict yourself to their tramlines. And though you need instruction as a beginner, you can attain an adequate proficiency far more quickly than with downhill.

My wife and I went to Oberammergau with Waymark, which specialises in cross-country skiing. Waymark grades its holidays grade 1A and B, 2 and 3. We were clearly grade 1A material. Would we be the only oldies in the party, we asked. Not at all, we were assured: there would be a complete mix from the 20s up. Langlauf may be fine for the geriatric, but you don't need to wait until you are 60 to have a go.

As a traveller, I am congenitally disposed towards making independent arrangements. But if you are taking up langlaufing you would be a fool not to book with a group and have the benefit of an inclusive price for hire of skis and boots, instruction and charter fares. At £285 for the week, Waymark's price seemed extremely reasonable — more particularly since the company had booked us in to a gemutlich family inn: no frills, but all the important creature comforts catered for.

The price included half-board, with a robust, decidedly carnivorous evening meal. (Those Bavarian appetites! No wonder so many of the locals look like Franz Josef Strauss.)

Apart from the difference in our ages, our group of 14 were a surprisingly homogeneous lot, mostly professional, with several computer people. We were led by the youngest among us, a gregarious, 25-year-old who was equally adept at teaching on the loiper and at maintaining the party spirit in the evenings.

The only misfortune of our week was with the weather. Before we arrived, every one told us (don't they always?), conditions had been perfect: clear sunny days and freezing nights. After our wet start, the weather got better—we had no lack of sunshine—but also worse: temperatures rose well above freezing point, the tracks grew mushy, and grass began to appear through the snow. Oberammergau is fairly low as langlauf resorts go—just over 800 metres—but we could have expected more than half a week's good skiing in February.

Would I go again? You might expect that my answer would have been a resonant affirmative. In fact, I'm not sure. My ambivalence is certainly not a criticism of Waymark, nor of Oberammergau's admirable Gasthof Zur Rose, nor has it anything to do with the fact that I bruised my rib-cage in a bad fall on my fourth day which put me out of action for the rest of the week. No, my trouble, as Gertrude said of Hamlet, is that I am fat and scant of breath.

My relative portliness didn't really matter: I had done some muscle-toning exercises beforehand and was more supple than many of our party. I loved the fast *schusses*, even if I tumbled along with the rest. But I have never learned proper breath control and found myself holding the party up on the long flat stretches which others took in their puffless stride. But I warmly recommend langlaufing, nevertheless.

Hilary Rubinstein

Gardening

A plea for the Ginkgo

NOWADAYS, we are impatient tree-planters: too much needs to be hidden quickly and the owners wish to see results *before they leap-frog from* house to house. Slow-starting trees are lost in the social scramble.

I would like to plead for a variety which takes an old-fashioned attitude to life. In its youth, it shows almost no sign of upward mobility. It sits still, making quiet and respectful progress until its owner can see that it deserves confidence. In middle age, it broadens its trunk, strides up to the heights and ends way above those flashy little cherries and shallow-rooted poplars which had been behaving as if the sky was no limit. It outlives them comfortably and improves with age, although I fear that the form usually seen in gardens is male only.

This proven elder statesman is the curious Ginkgo tree. Nobody is sure why it has such a silly name, but I share the view that it arose from a failure to understand what the Japanese were on about.

The German traveller, Kaempfer, first recorded the tree in Japanese gardens, where it was known as the "silver apricot" (in Japanese, ginnanicho). He muddled its name in his 18th-century pocket book and gave it a German intonation. Later, the Victorians thought the name Ginkgo was so ridiculous that they tried to change it to Salisburya. Absurdity prevailed, and anyway it had been sanctioned by Goethe.

The artist's life, Goethe had remarked, is like the leaf of a Ginkgo tree: I think that he must have meant that it hovered, like the tree's leaf, between two planes appearing to waver vicariously between ups and downs. I am not sure this interpretation is right, but I do know which Gingko tree had most impressed him. It is still visible, a superb noble specimen by the glass houses in the botanic garden at Padua, which is the oldest in Italy and Europe.

Ginkgo trees are hardy anywhere and will grow on any soil, including clay. During this wet season, almost everything has been growing rapidly, but nothing has made more sudden progress than a Ginkgo for whose health I am responsible. It seems to have made *over* a foot's growth and has reached the stage when visitors now stand back and take notice.

One reason is the momentum of advancing years, but the other is more simple. Two years ago, we cut back the turf in which the Ginkgo was standing and planted it with shallow-rooting Scots Burnet roses, the prickly little white-flowered forms which make a thick under-planting, wide-spreading and completely student-proof.

When the Ginkgo could breathe without grass round its collar, it put on a spurt and

developed a presence. We tend to forget how a layer of grass right up to a tree-trunk delays a tree's progress. It does not matter with fruit-trees, because it tends to encourage them to fruit, not shoot, but it does not help slow-starting trees' reputation.

The Ginkgo has several extraordinary claims to fame, not least that it grew freely in the days of the dinosaurs before the Ice Age and long before anyone invented the wheel. In the world's earlier days, the tall Ginkgo forests must have been spectacular. We can trace them through fossils, some of which have proved that Ginkgos once grew in Greenland.

Perhaps the Eskimos were planting them for the tax-concessions, but when you look at Greenland nowadays and our modern coniferous forests, the history of landscapes seems one long uninterrupted change for the worse.

Nowadays, the Ginkgo makes an excellent street-tree wherever it is given time to find its feet. Perhaps Ginkgos will sprout all over the City when the Japanese community has made its presence felt.

Meanwhile, I will spare you the tree's history and remind you of its notable shape. Essentially, it is a tall, upright grower whose trunk may branch into two, but seldom more, and whose curving side-branches do something to soften the perpendicular emphasis.

It is a tree to be viewed in isolation and is no good for small gardens, as it will progress to an eventual height of 70 feet or more.

For the first 10 years, it will look upright and rather ungainly, as the trunk is straight and the branches fan out like layers on a thin Christmas tree. In a bigger garden, it stands magnificently in a lawn or flanks a flight of steps very boldly.

The trees are best moved when quite young: you are not being cheated if you are offered *a smaller pot-grown specimen*. In the long run, 12 to 15 years hence, it will have made better *headway than a bigger initial* tree.

The leaves were once known as duck's feet because of their curving, scalloped shape. Some people think they look like jade-green fans, but they remind me of those semi-circular ribbed wafer-biscuits which come with hotel ice-cream in silvered dishes.

Their colour and movement are enchanting, but the next few weeks are the time to see them at their best. In autumn, the Ginkgo's leaves turn a brilliant yellow, one of the loveliest of all autumn colours.

The biggest British Ginkgo can be seen quite conveniently in Kew Gardens; size it up for yourself, wonder where you could plant one for the future, and ask yourself if you, too, feel there is something primeval about this ancient tree's emphatic shape and habit.

Robin Lane-Fox

Root for autumn planting

FOR GENERATIONS it was traditional to plant trees and shrubs in autumn when, so the theory ran, there was little stress on plants but still sufficient residual warmth in the soil to enable roots to establish themselves quickly.

The theory worked well in practice and if all the transplanting could not be completed in autumn it was considered safe to continue until late March but avoiding any periods when the soil was frozen or waterlogged.

To me, brought up in traditional ways of gardening and having spent my early years on a nursery which sold virtually all its stock during the October to March period, this still makes complete sense but times have changed and there is now controversy about this important matter.

The answer is a quarter of a century of garden centres and their practice of selling plants in containers for planting at any time. Many younger garden owners do not remember a time when most planting was done in autumn while some older ones think that container grown plants are far more at risk if planted in autumn or winter than are plants lifted from the open ground in the traditional way.

There is something to be said for this argument though I do not think it is sufficient to condemn autumn planting out of hand

First, let me make it clear that I have no reservations at all about the virtues of buying and planting open ground plants in the autumn, especially *if they can be obtained near at* hand and so can be collected from the nursery and replanted in the garden with a minimum of delay.

The danger with so-called bare-root plants (they need not in reality be so free of soil as that term would imply) is that the fine root hairs on which the plant depends for absorbing food and moisture from the soil will all dry out and be dead before they are back in the soil again.

The traditional way of avoiding this was to cover the roots with damp sacks immediately they were dug up, to put plenty of moist moss around them before they were packed and then to wrap them securely in *hessian or polythene before* they were despatched. On arrival in the garden the roots would be replanted as quickly as possible.

The two great advantages of planting direct from nursery beds is that the roots will be much wider spreading than those confined to containers and that they will have developed in natural soil similar to that in the garden.

It is all quite different with container grown plants. The roots are all crowded into a quite small ball and they have grown throughout their life in something not far removed from pure peat plus chemical fertilisers. Such roots have scarcely even met a worm let alone all the nasties that await them in the outside world.

If planted in spring or early summer when conditions for rapid growth are ideal, watered freely whenever the weather becomes dry and with stems well staked to prevent roots being tugged about by wind, all will be well. But what happens to these plants when they have to face a winter within weeks of being planted?

I think the risks are greater than with bare-root plants and there is the added difficulty that there is likely to be far less selection in many garden centres between November and March than at other times of the year.

So is it really wise to recommend autumn planting for container grown trees and shrubs? I think it is

There should, I think, be considerably more loosening of the ball of roots so that some of these can be led out into the garden soil, and also that much greater use should be made of a special planting compost prepared by mixing equal quantities of the natural garden soil and peat.

The danger with putting tight balls of roots and peat into ordinary garden soil in autumn is that there may be no attempt to grow outwards into unfamiliar surroundings and that the plants will die of sheer starvation.

An added problem is that a relatively small ball of roots gives little support to a bush, let alone a tree, against wind shaking. The remedy is plain: the plants must be staked and tied securely from the outset.

So what, if any, are the advantages of planting container-grown trees and shrubs in autumn? Mainly a saving in time since, provided things go well, the plants should by April have become well established and be able to take immediate advantage of the spring and summer to make abundant new growth.

Arthur Hellyer

Stuart Marshall on how the company creed for car buying has changed

Sun sets on the all-British fleet

THERE ARE two kinds of motorists in Britain today. The privileged who have company cars or can offset their motor*ing costs against their own busi*nesses, and the under-privileged who have pay for their motoring out of taxed income.

Conventional wisdom is that company-owned cars are mainly British-made, or at least sound as if they are, whereas the small business or professional man and the genuine private owner buys imports.

This myth—for such it is—has been exploded in a report by a contract hire and leasing company. It shows that six out of seven companies that used to have a buy British policy have abandoned it and more than half of them impose no *restrictions* at all *on* where their cars come from.

It used to be said that no fleet buyer would look at a Japanese car—so much so that when Nissan started building Bluebirds at Washington, Tyne and Wear, last year and made *its fleet sales ambitions clear*, heads were shaken in doubt.

The survey shows, however, that only 6 per cent of companies now ban Japanese (and presumably Japanese-sounding cars, although the Bluebird is more British than many a Ford and Vauxhall).

The reliability of Japanese cars has been a by-word among private buyers for a long time. The prospect of trouble-free running, plus a lot of standard equipment often charged as optional extras on other makes, have been the main reasons why many a motorist has gone Japanese. The Nissan Bluebird *is the only British*-made car to carry a 100,000-mile/three-year warranty.

This is beginning to impress company buyers and has certainly had an effect on retained values. Nissan claims a year-old, 1.6-litre Bluebird *with 16,000 miles on* the clock is worth between £440 and £830 more than class rivals like the Cavalier, Sierra and Montego.

Although the survey cites Ford (42 per cent) and Vauxhall (27 per cent) as the most popular makes among company car-users who expressed a preference, BMW (7 per cent) was said to have been the favourite import. In general, German cars are sought-after with VW-Audi and Mercedes-Benz well up in the preferred list.

Most Austin Rover buyers insisted on British-built cars and this also was a factor for those who chose Ford, Vauxhall and Peugeot. I wonder if they realised that all Granadas come from Germany, as do the larger Vauxhalls, and that the Vauxhall Nova is sourced entirely from Spain?

Peugeot must be pleased that buyers increasingly are aware that all 309s sold in Britain are made in Coventry, largely from imported parts although the local content is increasing, and Nissan must be hoping that its Washington-built Bluebird will be accepted as a similarly British product.

The survey notes that companies are moving gradually toward diesel cars. While only 5 per cent have more than half their fleet diesel-powered, one firm in four had some diesels and another one in five plans to try them in the next three years.

● *Copies of the survey are obtainable from Triton Business Finance, Key West, Windsor Road, Slough, Berkshire SL1 2DW, price £12.*

THERE IS a good way of checking on a large estate's carrying capacity. Try putting a bed inside.

The Vauxhall Carlton estate I drove for more than 1,000 enjoyable miles recently swallowed a 3 ft by 6 ft divan and mattress easily — and roominess was not its only virtue.

Despite a lot of motorway cruising, town driving and short runs, it also gave me 43 mpg (6.6 litres/100 km). It was, of course, the diesel version. The 2.3-litre engine is no longer young but it works well and has been installed most competently in the Carlton.

At low revolutions there was little vibration from the exhaust system, which can be a problem in big diesel estates. When keeping up with the 80 mph (128 km/h) pack on the M4, it was as quiet as a petrol engine. I find Vauxhall's claimed 96 mph (155 km/h) maximum reasonable.

The Carlton diesel's refined and economical motorway performance is due to a combination of high gearing and excellent aerodynamics. There is hardly any wind noise, and at 75 mph (120 km/h) the engine is turning over at only 3,000 rpm in fifth.

Off the motorway you might need third, even second, on hills but the shift and clutch are light. The high fourth is good for overtaking in the 50-70 mph (80-112 km/h) brackets. The all-independent suspension gives a smooth ride unladen and the Carlton estate feels even better when full up.

At £11,507, the Carlton is about the same price as a Peugeot 505 diesel estate and considerably cheaper than the turbo-diesel Volvo and Citroen Safari estates and the non-turbo Mercedes 250TD.

There are lots of nice touches, like powered adjustment of the head lamps to suit the load and rings on the floor for tying down heavy objects. The rear seat back-rest is split, and folding the halves to extend the load floor to its full length is a one-hand job taking only a second or two. A concertina blind conceals what you have put in the back.

Unusually for a modern diesel, the Carlton I had needed two or three flips of the key before it would cold-start and it smoked for a second or two after firing up. I suspect the pre-heater glow plugs were cutting out too soon. It was the only real fault I could find with this handsome, refined and economical five-seater with massive load-carrying capacity.

S.M.

Country Property

London Property

John Brennan looks at the steady rise in St John's Wood prices

Six or seven-figure choices

"VERY FEW people wander into the office wanting a house in St John's Wood for £100,000 ... they are more knowledgeable than that." Yet—as Guy Briere-Edney of Folkard & Hayward explains—it is still possible (just) to buy your way into one of London's best known residential areas for £50,000 to £60,000.

You would only get an unmodernised studio flat for that kind of money. As an example, F & H (01-226 2487) has one such flat in Grove Hall Court, one of the area's many mansion blocks, in this case on the corner of Hall Road and Grove End, NW8. While the location is fine, the flat, at £58,000, would probably need another £10,000 or so spending on it, to bring it up to date.

"A lot of people who look at small flats are those who want to be here, but really haven't got enough money to live in the area," says Briere-Edney. "They usually end up looking at small places on the periphery. Generally, you'd have to be talking of £100,000-plus for a two bedroom flat.

"There are places for less, but you wouldn't get much of a choice of houses under £250,000, and there are two and three bedroom flats selling for that. At £350,000 and up, you start to get more of a choice."

Keep going up the price scale, and when you are thinking in terms of £500,000 the property options widen significantly. If you are looking at homes costing £1m or more, at a point in the market where, in most parts of London, your choice would narrow down to a handful of major properties, St John's Wood can still offer plenty of houses—and a surprising large number of flats which are either openly for sale, or which can be readily drawn into the market by the right offer. £2m-£3m isn't an unusual price tag for a good property in the area these days. A prospective buyer with £5m to spend would still find a choice, albeit strictly limited.

The range of buying options is wide enough to show what a mix of housing sizes, styles, and ages is packed into this relatively small area of London, lying to the north west of Regent's Park.

St John's Wood—farmland built up as a leafy inner suburb by mid-Victorian villa builders—became the focus for a substantial amount of mansion flat block development in the 1920s and 1930s. Quite a number of streets in the area, particularly to the west, on the borders with Maide Vale, and northwards to Swiss Cottage, were heavily damaged by bombs early in the Second World War. The gaps left provided sites for a substantial infill of 1960s and 1970s blocks of flats. Since then there has been fairly constant redevelopment as sites have become available, and as prices have justified increasingly lavish apartment buildings.

The result is a spread of big Victorian family houses; a few smaller, often older cottages mixed in with Edwardian and between-the-wars mansions; and low-rise, concrete-box "1960s modern" buildings, some of which have been refurbished to match the more expensive, mainly brick-facade, apartment blocks, with their characteristic, big, often glassed-in balconies, built in recent years.

Three big landowners hold the freeholds to most of the property in the area. The Eyre estate, Harrow School, and Eton College are common names at the top of property deeds. Although there are a number of freeholds dotted around the area, as Paul Bennett of Anscombe & Ringland says: "Since people don't have a great deal of choice about it if they want to live in St John's Wood, they expect to buy a leasehold—and so there's not as much of a premium for a freehold property as you might expect."

Eyre estate properties tend to be sold on leases that are now down to 48-50 years. Most of the Harrow School properties stand on leases running for another 63-65 years. Leases available on new and recently developed flats in the area tend to be for longer terms, which might explain why, as Peter Joy of Chestertons-Prudential says: "Pound for pound flats are certainly more expensive than houses, but then those seem to be what people looking there want to buy.

"If they specifically want a freehold house with a garden they are likely to go up to Hampstead or Highgate, or to places like Little Venice.

"Because English buyers are so active in the market at the moment the prices of the big stucco houses with communal gardens that they like—which they can find in Little Venice and Maida Vale—have been moving ahead phenomenally, even faster than St John's Wood. The effect has been to reduce the difference between prices in the surrounding areas and prices in St John's Wood itself."

Not that price seems to be an overriding consideration for those who do decide to live in St John's Wood. Paul Bennett explains: "People come because they know the area and they want to live there, not least because it is half an hour nearer to Central London and the City than Hampstead, in the mornings, when traffic is chock-a-block down the Finchley Road and Fitzjohn's Avenue."

Even if travelling into work is not a serious concern, St John's Wood does have more than its share of local attractions, from the London Central Mosque at the St John's Wood edge of Regent's Park, to the fashionable St John's Wood Synagogue, Lord's Cricket Ground, and the American School. Taken together, these help to explain the area's cosmopolitan appeal.

Although St John's Wood is primarily a leasehold market, a few years back it was the availability of a few large freehold houses that attracted Saudi buyers anxious not be restricted to the Crown leaseholds available around Regent's Park itself. But that early reluctance to buy anything other than 100 per cent title seems to have gone; Saudi, as well as other Middle Eastern buyers, are now active right across the range of properties available.

Oil-financed buyers have no monopoly on this market. Every agent reports that about seven out of 10 buyers these days are British. A high proportion of those are St John's Wood residents trading up, down, or across the market.

Rosy Khalastchy at Beauchamp Estates emphasises the point. "People who prefer St John's Wood just would not consider moving out to somewhere like Hampstead. They have a very strong attachment to the area, and we find that buyers who are coming in, such as the Japanese, know exactly what they want, and they are becoming big spenders." (They need to be big spenders, given the pace of price rises in the area in recent years.)

Paul Bennett recalls that a house in Circus Road, off Cavendish Avenue in the heart of St John's Wood, sold four years ago for £180,000. A year later the house changed hands at £250,000 last year it was sold again, this time for £500,000. It is back on the market once more but this time the asking price is £975,000.

Even if you "add-back" some of the increase in value to take account of improvements to the property at five and a half times its 1983 price such a house illustrates both the willingness of owners in the area to trade their properties for the right price, and the evident willingness of would-be buyers to oblige them with a cheque.

Buying interest at the top of the market is sufficiently strong to have convinced Cliffsun, developers of 12 Avenue Road, London, NW8, 100 yards north of Regent's Park, that it was commercially safe to build a positively sybaritic eight-flat scheme. Each has its own swimming pool; the cheapest unit costs £1,000,000; the most expensive, £1.7m.

There are only a few areas of London where a developer would dare to put up an entire block of £1m-plus properties. But Anscombe & Ringland (01-586 3111) reports that, some weeks before the apartments were formally put onto the market, half the number of units had been reserved.

It is one of the strengths of the London residential market that properties like that can stand just a street or two away from older flat conversions costing less than £100,000. True, £100,000 seems an outrageous price to pay, for a second-grade flat, to anyone comparing it with homes outside London. But in London terms it does mean that even in the most fashionable areas there can be more of a mixture of residents than you would find in equivalent areas of say New York, Los Angeles or Milan, where the borderlines between millionaires' homes and the rest can be as sharply defined—and often as well protected—as a national frontier.

That £58,000 studio flat on Folkard & Haywards' books does, for instance, shares the same lists as The Templars, a £5m home just a few minutes' walk away in Avenue Road. And at Chestertons-Prudential (01-724 4432) you will find everything from a two bedroom penthouse at Boundary Court with views over Primrose Hill, for £210,000, to a five-bedroom freehold house on Acacia Road for £850,000, plus a sprinkling of multi-million pound sterling embassy-scale properties.

St John's Wood is not cheap. But there is a fair way to go before it's in any risk of becoming a lifeless investment market.

Regent's ransom

THE CROWN Estate Office, charged with maintaining the Grade 1-listed Nash terraces facing Regent's Park in central London, normally takes advantage of the ending of a lease on one of them as an opportunity to have it refurbished for another half-century or so. That explains the guide price of £750,000 for a new, 62-year lease on 54 Cumberland Terrace. The six-bedroom house, complete with its own mews and garaging, stands three houses from the northern end of this 800 ft-long "queen of terraces" on the eastern side of the park.

Richard Crosthwaite of Knight Frank & Rutley (01-834 8171) intends to bring the house to public auction at The White House, Albany Street, NW1, at 3.00 pm on October 29.

He says: "The house is not structurally in poor condition but does need total modernisation." He would expect a buyer to spend around £300,000 to bring the property up to the standards the Crown Estate would insist upon, and fitting out a house of this size would certainly cost another £200,000 or so. Hence, the new lease—long by Regent's Park standards—runs for 62 years to allow a couple of years to carry out the work.

"It is a bit like a battleship coming in to harbour," says Crosthwaite. "Sixty years seems to be a fair span between refits for these houses—long enough for a buyer but not so long that problems can set in during the last 10 or 15 years of a lease when the owner is unlikely to want to undertake major works."

The Crown lease reflects the work that will have to be done by setting the ground rent at a flat rate of £1,000 a year, doubling every 20 years.

J.B.

St Johns Wood

London Property

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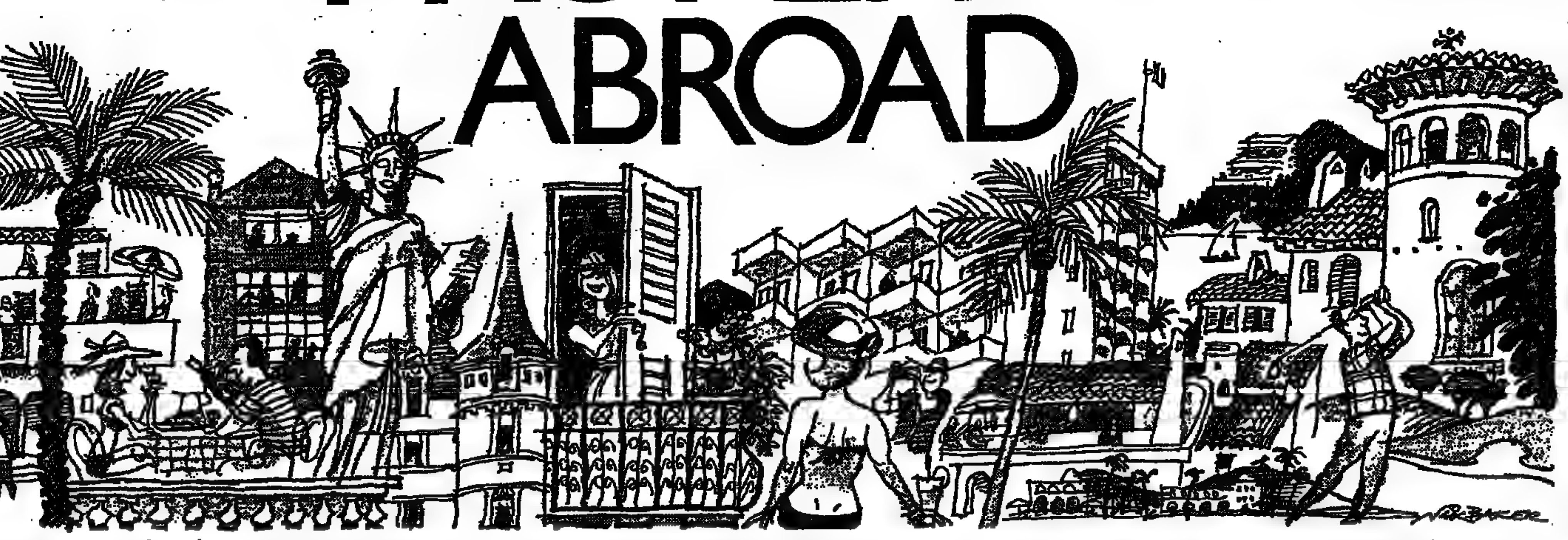
•WEEKEND FT REPORT•

PROPERTY ABROAD



NO ONE has been keeping count of the number of British people who have bought homes overseas since the ending of Exchange Controls in 1979.

Best estimates run from a mirror image of the 250,000 or so second homes in England and Wales to as many as 400,000 holiday properties spread far, but not wide, across the globe. The scattering of really exotic holiday properties is counterbalanced by a mass of homes along the Mediterranean coast, in the Costas of Spain and along the Algarve in Portugal.

Add in villas and apartments on the south of France, farm houses in the Dordogne and along the Loire Valley, an increasing number of country homes and seaside flats in Brittany, and you would have covered the majority of British homes owned abroad. The further flung properties, the Caribbean homes, houses in Palm Springs and Long Island, the Los Angeles apartments and Hong Kong flats tend to be outside the price range of what has become the mass market holiday property market.

Although British buyers have come late to foreign property there are an estimated 20m trans-frontier homes in western Europe as a whole — the business has developed at almost the same pace as the low cost holiday package industry did in the late 1960s.

Higher UK house prices and increased freedom to raise money at secured rates for property purchases abroad has made it possible for a far wider range of people to buy than in the past. This increased freedom to buy has been matched by the rising cost of holiday homes in the UK. Now that a family sized-apartment in the sun can cost half or a quarter of the cost of an equivalent sized holiday property in what might pass for a "sun belt" area of Britain, the arguments for and against buying overseas weigh heavily in favour of a trip to Gatwick.

Miss market of buying has had an interesting effect on the upper end of the market. When Mr and Mrs Average and their children can buy their own slice of the Costas, where do Mr and Mrs Well Above Average turn to for a little exclusivity?

Turkey — due to be the next target for the package tour operators — is already showing signs of attracting long distance home owners. Tangiers and the unspoilt coastline of Morocco facing Gibraltar is also attracting a broader range of owners than the traditional left-over French colonialists and superannuated hippies. Ireland, which makes up in Georgian country houses anything it loses in terms of weather is also popular with buyers whose interest in the Mediterranean has waned with the crowds.

But even these days distance equals time, and since it is not realistic to keep moving the fashionable resorts further and further from their markets, the alternative is to create such resorts. When the natural appeal of a particular country is not sufficient to attract wealthier buyers, you merely create an artificial "lifestyle zone" securely bounded by price.

The winter resorts achieved this decades ago. There are the resorts for the tourists and the resorts for the international visitors, and there and mountains to ensure that the two do not mix. If you need to know which are the stylish resorts and which are not, they you are beyond the pale any event and the information will be of no value to you.

In the sun property market the same kind of segmentation takes the form of isolated pockets of wealthy development such as the Aga Khan's Costa Smeralde development on Sardinio, Prince Alfonso Von Hohenloe's Bendinat Marina in Mallorca, or Port Grimaud village near St Tropez . . . all specifically and priced, to those who like their holiday neighbours, if not exactly kindred spirits, at *least equally well heeled.*

It is an increasingly evident feature of the overseas residential market that this segmentation by price and, for want of a better term, class of customer, exercises the marketing muscle of the development companies to a greater extent than thir drives to sell the benefits of specific countries.

One sunny beach is much like another when you can ensure that its inhabitants — in the fashionable seasons at least — all arrived there First, or at *least Club Class*, and where contact with the natives is largely restricted to conversations with the barman.

John Brennan

PORTUGAL

A welcome in the Algarve

by Cheryl Taylor

THE OUTRIGHT victory of the centre right Social Democratic Party in the Portuguese elections on July 18 signaling an end to chronic political instability coupled with Portugal's entry into the EC, and the recent lowering of property taxes, are three factors which are encouraging British second-home buyers to invest in Portugal.

Prime Minister Prof Anibal Cavaco Silva, is a firm believer in capitalist economics. His government is already introducing legislation aimed at stimulating the economy, using tax concessions to attract new investment and job creation. A new generation of Portuguese "yuppies" are now ready to exploit a stock market, beginning to take off after a decade in the doldrums.

Foreign investment is actively being encouraged and measures are in hand for quick compensation of previous property owners and dispossessed tenant farmers, including a number of Britons, who lost both home and money as a result of the communist-led 1974 revolution.

Until last year, the SISA (property transfer tax) payable on homes, could, in some cases, be as high as 18 per cent. Now, buyers pay a 10 per cent transfer tax on all homes costing more than 10m escudos (around £50,000), and on al rural land and building plots. However, the SISA tax is exempt for first-time buyers of a new home, costing under 10m escudos.

The renewed confidence in Portugal's political and economic stability, is reflected in the local property market. Now, the top leisure developments on the Algarve, and on the western coast around Estoril and Cascais, are again attracting top prices. Values have been rising rapidly over the past 12 months, by as much as 70 per cent in some places, with further increases predicted to be in the offing.

Naturally enough, the rising property values and signs of an upwardly mobile Portuguese economy, have not gone unnoticed in the City of London. At Quinta do Lago on the Algarve, an impressive development of golf courses and low-density villages, close to Faro, Bovis International, part of the P&O Group in the UK, is building a new leisure housing complex, aimed at the British market.

Overlooking the golf course, and surrounding a natural fresh water lagoon, Bovis Lakeside Village has become a fitting second-home venue for City "Yuppies," spending £80,000 and more on a place in the sun.

City money has been pouring in since the project was launched in January 1986. More than half the 150 apartments and villas have been sold at prices ranging from £80,000 for a one-bedroom flat, and from £105,000 for a two-bedroom house; rising to as much as £300,000 for the ultimate luxury of a four-bedroom detached villa, with private pool, double garage and gardens around. City buyers account for almost 80 per cent of the sales.

Property values at Lakeside Village have risen by as much as 70 per cent in the last year, and although thi rate of increase is not expected to continue, at least 30 per cent capital appreciated is anticipated for the next 12 months.

Further west, along the rocky coast road, beyond Portimao and before Lagos, another Bovis project is about to commence. Its latest scheme, overlooking the sea at Prainha, will form part of the existing beach-side development of villas and low-rise apartments, built in traditional Portuguese style, with a touch of the Moorish thrown in.

Around 94 new Bovis apartments will be built, offering a selection of one, two and three bedroom units, priced from £55,000.

Further details from: Hugh Miller, Bovis International, Liscarten House, 127 Sloane Street, London SW1 (01-730 0811).

Another development on the estate of Quinta do Lago, which is proving popular with British investors, is the Victory Village Club, set on a hillside overlooking the Atlantic. All apartments have air-conditioning, and the larger three-bedroom units are designed with spacious sun terracing. Prices start around £34,000 for a studio, rising to £98,000 for a split-level luxury penthouse, with three bedrooms and bathrooms ensuite. Walled villas are also available, costing between £105,000 and £185,000.

Jenny Pinder of European Property Advisers is the UK agent for the Victory Village. Her address is: 27 New Street, Salisbury, Wilts (0722 330 847).

Timeshare is also well established here, with one of Ireland's biggest building companies, McInerney, selling weeks in its Four Seasons Club, on the edge of a 27-hole golf course, at prices from £4,000 for a low-season week in a two-bedroom villa. Owners automatically become club members, and beneficiaries of the trust owning the property, enjoying a share of the freehold.

The properties are well-designed and well appointed, fully equipped with good utility kitchens, and balconies or patios overlooking the greens. A 50 per cent reduction in green fees is available for owners and their guests. Further development of villas, has recently been announced, although prices have yet to be released.

Further details from: Jayne Walker, UK sales manager, The Four Seasons Club, 140 Tabernacle Street, London EC2 (01-251 1046/1052).

The nearby estate of Vale do Lobo is an up-market leisure complex with an outstanding range of sporting facilities, including a championship golf course, and the world-famous Roger Taylor Tennis Centre, with its own clubhouse.

Seven hundred villas have been built along four miles of sandy beach, and carefully designed to blend in with the natural environment. The development is surrounded by over 1,500 acres of undulating land, scattered with pine-fringed golf courses.

There is a double-decked golf driving range, new sports complex, with tennis, squash and badminton courts, as well as a croquet lawn, bowling green, childrens' playground, and a full range of watersports.

New homes for sale include one and two bedroom flats costing from £65,000, and three-bedroom town houses at around £120,000. A four-bedroom custom-built villa, with private pool and patio and views across the golf course to the sea, costs closer to £250,000.

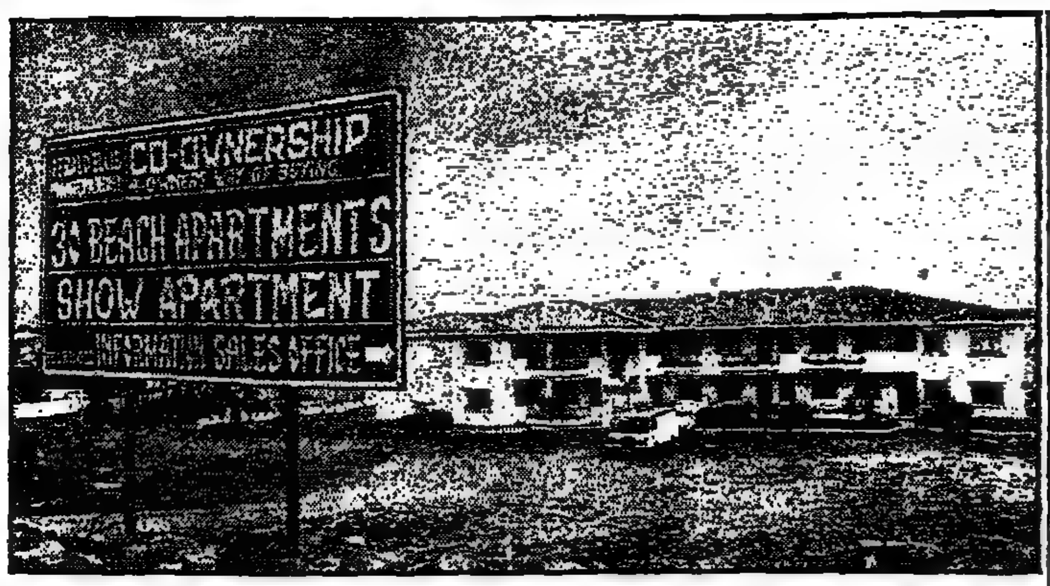
Further details from: The Vale do Lobo (London office), based at the offices of estate agents Sturgis and Sons, who are the UK agents (resales) for this development. Enquiries should be addressed to: Miss Sandy Segui, Vale do Lobo, c/o Sturgis and Sons, 140 Park Lane, London W1 (01-483 9098).

Three championship golf courses at Vale do Lobo and Quinta do Lago, extends the letting season throughout winter. A flat in one of the better holiday complexes would produce a good rental return, possibly above 10 per cent a year on the investment. A villa is a better rental proposition with returns as high as 12 per cent a year.

Continued on Page XVI

TIMESHARE

World of hit and myth



STRIP AWAY the property aspects of timeshare and the industry emerges as the most successful, high-growth sector of the package *holiday trade.*

Forecasts suggests that 40,000 to 50,000 British families will by a timeshare unit in the next 12 months and, as Ronald Haylock of the timeshare exchange group RCI says, with two or *three people to each family*, that translates into between 150,000 and 200,000 holidaymakers who will have pre-booked the accommodation side of their holidays for several decades.

There are probably more than *100,000* timeshare owners in Britain and the travel trade could find that, by the end of next year, nearly half a million holidaymakers will have shifted holiday spending from the package trade self-catering of the business.

Let us look at the myths and misunderstandings. First, if timeshare is not regarded primarily as a property purchase, most of the criticisms that are gorn of unduly high expectations fall away.

If timeshare *is seen as an advanced purchase of a proportion* of your future holiday costs, then, in much the same way as one might buy *fishing* rights or a season ticket for the Zoo, it ceases to be regarded as a hybrid *form of* residential property.

Of course, it isn't *quite* as simple as that.

Unlike a season ticket to see the *lions* and *penguins*, a timeshare purchase may not be a wasing asset. Units bought in a successful development may well become part of the family's permament stock of tradeable assets with a respectably rising *resale value. They will also* certainly include a number of responsibilities and liabilities associated with the ownership of a more evidently exclusive property rights, including a continuing share of the management and maintenance costs of a development.

But that isn't all that different from fishing rights, and it's rare to see distressed anglers being interviewed on TV "investigation" programmes about how they lost their life savings to *unscrupulous river-bank* owners.

It is largely a matter of *expectations. Pull off the ype,* silence and sales patter, ignore some of the largest and most concentrated marketing, sales and advertising budgest in the holiday trade, and you are left with a simple product—the right *to occupy accommodation for a* period of time each year.

So what is all the fuss about?

Well, those marketing and advertising budgets and highly organised sale programmes provide the pointer to the fact that timeshare is a high profit margin business for the developers. If you can sell the same accommodation 50 times *instead of once*, there is scope to add on a comfortable extra profit each time over and above your higher sales costs.

There is enough potential profit to cover all those additional costs and still present an attrac*tive package profit to cover all* those additional costs and still present an attractive package priced within the reach of a far wider market than would be able to afford the outright purchase of a holiday property. The higher sales costs do mean that the retail price of a timeshare unit doesn't bear a great deal of relationship to its *underlying cost, but that is just* another plank in the argument that disances a timeshare purchase. With normal houses the flats you do not usually have to pay much for the packaging. With timeshare, the packaging *can represent 60 or 70 per cent* of the physical construction cost of your share of the accommodation. You are being sold a "lifestyle" as much as the property.

From the development side, the appeal of being able to sell *the same accommodation* many times over has attracted some of the most reputable housebuilders and property development groups, and, accommodation and facility standards at timeshare resorts are high.

Anything less than excellent accommodation and resort facilities would not make commercial sense given the cash-flow advantage of backing-up sales programmes with a holiday product that people want. It is more *important to get rid of the stock* as fast as possible than it is to reduce the quality.

There cannot, then, be anything *fundamentally illogical* or dubious about the *principle* of timesharing. Such problems—as they are—represent only a *small minority* of deals and they relate to the standards of selling; to the normal commercial *risks of coming across an* under-capitalised developer company or a rogue timeshare marketing company, and to the associated (but even less common) problem of criminal deception.

Like any other successful business timesharing has drawn in its share of criminals. There are cases where prospective developments are sold to people who *find that they have* not bought from the real owners, or that the development will not be built. But instances like that are scarcely different from being sold a dud video recorder "off the back of a *lorry*". That *cash-for-rubbish* deal wouldn't be taken as evidence that all video manufacturers are crooks.

Under-capitalised timeshare developers are a less avoidable problem, and the industry's *development parallels that of* the holiday trade 10 or 15 years ago when tour companies price-cut their way to insolvency and left their ticket holders stranded.

The most publicised problem has been over-enthusiastic selling. "*Off-site* Personal Contact" selling—which means being pestered in the street and across the beach by commission-only sales people—is the dark side.

That form of *selling is* as intolerable as the lies that are told by some salespeople when they attempt to convince people that a timeshare purchase is a watertight property investment; that the purchase of a few weeks' accommodation will mean that all your future holiday costs will have been paid for in advance; and that *immediate* purchase ensures vast discounts on the apparent retail price of units.

Such *over-selling and* open lies would vanish *overnight* if they didn't work. Sales teams are pramatists. They tell the buyer what he wants to hear, it is arguable that the reality is far less black and white than it is painted.

Exit the image of villainous timeshare touts verses innocent tourists. Refocus onto a more accurate picture of sales teams with demanding target figures, and hoards of holidaymakers *receptive to the idea of a* bargain.

Irritating though the holiday *timeshare sales teams may be,* when it comes to anything beyond talk, it takes two to tango.

As for the industry itself, self-regulation has been easier to talk about than to achieve. But now the three overlapping timeshare industry groups, the British Property Timeshare Association, the European Holiday Timeshare Association and the Timeshare Developers Association have agreed to merge to form a new Timeshare Developers Association.

The new-look TDA is neither an exclusive club for the major, publicly quoted companies, nor is it a free-for-all. Three of Britain's most experienced timeshare lawyers, James Edmunds, Colin Jenkins and David Anderson, are vetting *applications from developers* with the aim of excluding anyone who does not live up to the TDA's code of conduct.

John Brennan

Continued from Page XV

Places in Portugal

The further west one goes towards Cape St Vincent, the scenery improves and the property prices become more reasonable. Around the rocky coastline, beyond *Lagos*, past vast deserted beaches and areas of exquisite natural beauty, there are peaceful places still. Ancient white-walled villages, like Burgan—where the business is still fishing, and not tourism.

Nestled snugly in the heart of the village, among centuries old houses and sweet-smelling herb gardens, the Vistamar and Tempomar apartments surround a pleasant pool, many have private balconies and all enjoy restful views over the rooftops and winding cobbled streets to the sea.

The 69 apartments were completed a few years ago, another 42 units are being built, due for completion next summer. One of the developers, a British builder, still lives in the village.

Some of the original apartments were sold outright, and resales appear on the market from time to time, at prices from £32,000 for a two-bedroom unit. Accommodation is offered on a timeshare basis, costing from £550 for a January week in a one-bedroom apartment, an autumn week in a two-bed unit costs £1,000, and the top price of £4,500 buys a peak-season week in one of the larger three-bedroom apartments, sleeping 6-8 people.

The legal structure of this operation sets it aside from the rest. Freehold title is offered, properly notorised and recognised under Portuguese law, ensuring greater security *for* owners. The hard-sell "sign-on-the-spot" tactics, used by some agents, have been rejected in favour of a softer approach. The best salesmen are the existing owners.

Further details from: Miss Tui France, Burgan Timeshare, 204-206 High Street, Bromley, Kent (01-731 5119 or 460 8090).

Travel further westwards, along the coast road past Luz, and you reach the picturesque fishing village of Salema. Here Beach Villas of Cambridge is developing the Salema Beach Club and Apartmentos do Mar. This development is designed for families with young children.

The Salema Beach Club consists of low white villas and apartments built around a palm-fringed pool. There is an impressive club area, with all the usual facilities, and a bar run by British expatriates.

Around the Beach Club, a number of villas, many with private pools, have been built, priced from around £60,000 for a detached two-bedroom house. A pool adds an extra £8,000. Prices of apartments at Apartmentos do Mar range from £30,000 for a one bedroom flat, rising to £55,000 for a penthouse on two floors, with open fireplaces and good sea views.

A new 18-*hole golf course is* nearing completion close to this resort, and this should help *property values.*

Details from: Adrian Medd, Beach Villas, 55, Sidney Street, Cambridge (0223 353222).

Special care has to be taken when buying one of the many fine old country houses in the Algarve. Many still draw their water from ancient wells, and may be many miles from the nearest electricity supply. Installation of these essential services can prove expensive here.

Prices of traditional homes vary enormously. If you are prepared to move some distance *inland, you can buy a ruined* cottage, on around half an acre, with a rambling old barn and a well, for around £20,000. But, be prepared to spend at least double that amount to cover the basic cost of renovation here.

Having found your old property, how do you find a builder? There are a number of British couples living permanently in the *Algarve, and their advice* could prove helpful.

A local agent, with a good selection of country properties is Villas & Homes, with two offices in the Algarve, and an association with British based *agents*, European Property Advisers, 27, New Street, Salisbury (0722 330 847).

CARIBBEAN

New horizons

THE PROPERTY market in the Caribbean is experiencing a major revival, in the wake of a record tourist season for many islands.

Last *winter foreign visitors* arrived in unprecedented numbers, many of them Americans deterred from holidays outside the dollar area by reports of terrorism and weak currency. Even through the summer, normally the region's off-season, hotels are reporting doing well. That renewed interest in an area where home prices have been stagnant in recent years converts into activity on the property front.

Last year property prices in St Croix, the US Virgin Islands, for example, soared by 50 per cent. Throughout the region, a gene*ral price rise of around 10 to 15* per cent is evident.

"Caribbean property is going through a quite extraordinary uplift," says Derek Dunlop, consultant with chartered surveyors Smith Gore, which has been active in the region *for* 20 years. "Americans are the main force, but there are more Europeans too a lot of Italians, Germans, Scandinavians, even the French venturing beyond their traditional islands."

Europeans and Americans are showing interest in St Kitts, formerly a sugar island and comparatively undeveloped. *Now its quaint Georigan capital* Basseterre is hosting increasing numbers of visitors, as work starts on developing the 8,000-acre south-east peninsula *into a* major resort area. It is being financed with American aid, and US airlines fly direct from New York.

On nearby Nevis, investor interest is also rising, with two major *schemes* proposed *for the* as yet undeveloped three-mile-long Pinney's Beach.

Improved communications are vital to opening up the smaller islands. Two US airlines have set-up regional network hubs in *Puerto Rico, enabling* through flights to be booked and making movement within the Caribbean enormously easier.

The British Virgin Islands lie at the north end of the Leeward chain, adjacent to their now-*booming US namesakes*. Here, a favourable tax structure has been the attraction for the Canadians, Italians and Swedes who made large investments in the BVI last year. Many property developments are related to the burgeoning yacht charter business, according to Smiths Gore's local associate, Anthony Campbell.

Most activity over the last year has been in the lower end of the market, where two to three bedroom houses sell for $100,000 to $200,000 (property prices throughout the region are almost always quoted in US dollars).

Studio apartments which can be leased out to obtain rental income for the owner, aimed *particularly at providing* a shore base for visiting yachtsmen, are a new development in the BVI, and sell from $50,000 and up.

Further south, Barbados offers a property market which *still attracts many* British buyers. On the prestigious Sandy Lane estate, local estate agents Realtors Limited together with Smiths Gore International are asking $3.5m for Mirabelle House, an outstan*ding Palladian style* home on three acres. It has expansive sea views, a large pool, manicured gardens and guests' cottage. The price includes $1m worth of antiques. The same agents are acting in the sale of Four Winds, a two-storey courtyard house on *Gibbs Beach, St Peter parish*. Price for the freehold and all fittings is $500,000.

The Bahamas chain, not always regarded as part of the main Caribbean group, is doing well.

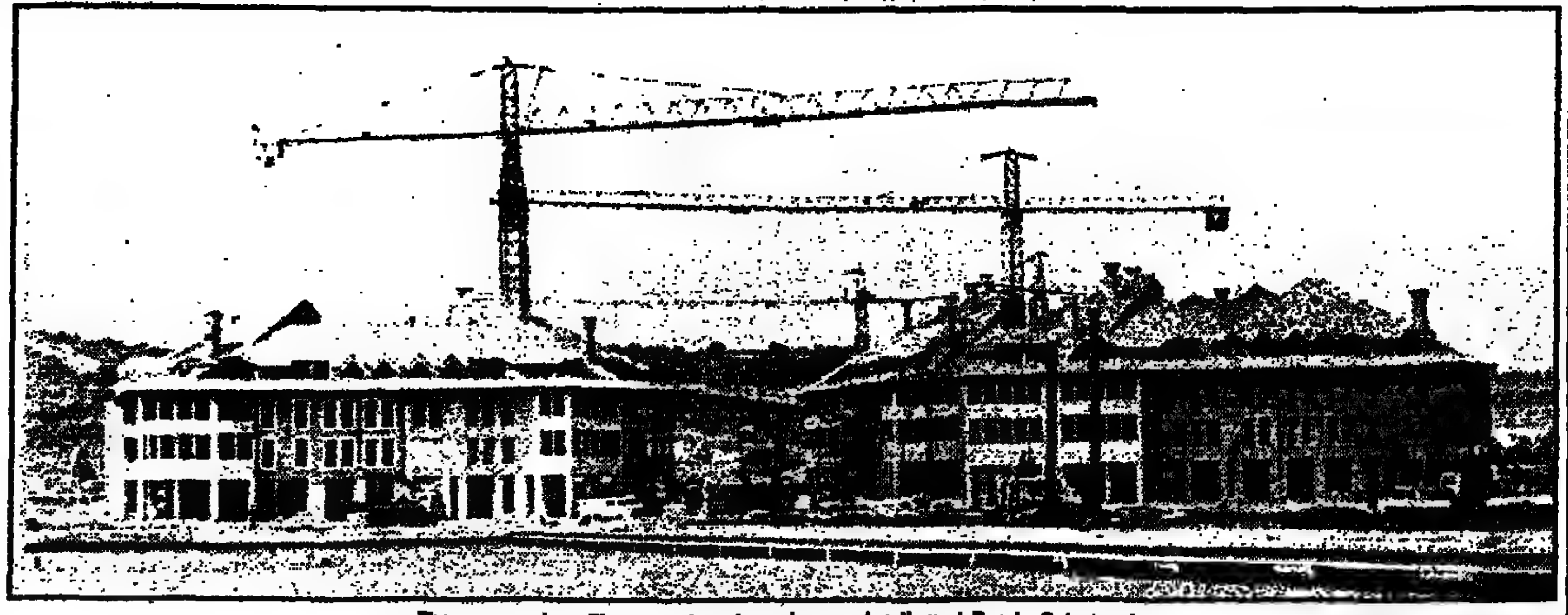
Eleuthera and the Abacos are quite lovely strings of isles along the Atlantic rim. The Abacos offer the major residential and tourism resort of Treasure Cay, with a dazzling white beach.

"Property here seems to be *appreciating daily*," says Stafford Symonette the 1500-acre resort's real estate director. "But homes and land represent real value compared with what you find just 160 miles west of us on the mainland US."

Anyone considering buying in the Caribbean ought to note that the best house sites are not always those by the beach, in spite of the attractions of white sand and turquoise sea. Higher elevations, often set among lush *tropical vegetation, command* better views and benefit from very necessary cooling breezes.

Ken MacTaggart

• WEEKEND FT REPORT •



The new marina village apartments under construction at Puerto Sotogrande

SPAIN

Why the yachts are rocking

YACHTSMEN SAILING into the Mediterranean from the Atlantic Ocean have a new haven to head for, and they are being closely followed by a flotilla of less nautically-inclined British property buyers.

Sotogrande marina, just 10 miles from Gibraltar at the quieter end of Spain's Costa del Sol, opened in late July. The inauguration of the harbour and initial apartments marked the first step in an ambitious development project which is intended, over the next 10 years, to create a village built around a man-made lagoon by the mouth of the River Guadiaro.

The marina lies just inside the threshold of the Mediterranean, a point known to the Romans as the Pillars of Hercules. To the ancient Greeks it marked the edge of the world—a fact which has never bothered the sardine fisherman of Andalusia, who for centuries have followed the shoals far out into the Atlantic.

The Moors came this way too, seemingly equally unimpressed by the prospects of living at the world's end, and gave their own names to the two land masses flanking the straits—Jebl Musa on the African side and Jebl-el-Tariq in Europe.

The latter, better known these days as Gibraltar, remains a gateway for foreign visitors to this part of the world, in the guise of its international airport. For those Britons who own property in the area, it has proved to be an invaluable boon, eliminating a lengthy and often nerve-wracking drive down the coast road from Malaga airport.

The opening of the border in 1985 and Spain's joining the EEC a year later, has given the property market in the area around Sotogrande a major boost. Prices have already risen substantially, in some cases quadrupling since 1980, and existing developments have largely sold out.

This has been reflected in the high level of pre-sale activity evident at Puerto Sotogrande. *The 60 apartments* in the two initial buildings were 80 per cent sold out on opening day. "That exceeded our expectations," says Fernando Montojo, the Madrid lawyer behind the scheme. "We had thought it would be no more than 50 per cent."

Berths, too, have gone quickly — more than half of the 400 already taken, and a further quarter reserved by law for visiting craft.

Part of Puerto Sotogrande's appeal is no doubt its strategic location. It is now the first marina encountered by yachtsmen entering the Mediterranean from the Atlantic, taking this distinction from Puerto de la Duquessa six miles east.

The developers are clearly aiming to emulate the runaway success of Puerto Jose Banus, assembly point for the jet-set further along the coast at Marbella.

But if the first phase and future plans are anything to go by, Puerto Sotogrande will be far from simply a Banus clone. Rather than the dense ranks of apartments which crowd the waterfront at Puerto Banus, the architects of Puerto Sotogrande, Vazquez Molezun and Rafael Olaquiaga, have adopted a quite different concept. Their plan has interlinked apartment blocks with spacious open squares and covered cobbled walkways between them.

The three-storey buildings, *which have a fourth penthouse* level set into the red-tiled roofs, have pale colour-washed facades and tall windows reminiscent of the old homes of Cadiz. Victorian-style street lamps light the waterfront, and palm trees *dot* the squares and sidewalks.

Interior decor of the apartments *is little short* of luxurious, with high ceilings and extensive use of marble. Fully-fitted kitchens *for once* do actually mean that (oven, gas and electric hobs, refrigerator, dishwasher, washing machine and tumble drier). Bedrooms have wool carpets (more practicable for bare feet than marble!) and fitted wardrobes.

Absent (or lazy) gardeners can leave watering the balcony flower-boxes to the automatic irrigation system.

Prices start at £25,000 for a studio (though only a few are left), rising to £85,000 for a two-bedroom, two-bathroom apartment, and £235,000 for a four-bedroom, four-bathroom penthouse.

Maintenance and cleaning of common areas and gardens is the responsibility of an owners' association, and costs from £550 to £750 a year. Rentals can be arranged at a charge of 20 per cent of the rent.

About half the buyers so far have been British, with Spaniards accounting for a further 30 per cent or so, a proportion which is unusually high for *coastal property developments*, though it reflects an established trend at the older beachfront apartments nearby. If this Spanish interest is maintained in subsequent phases it ought to engender confidence in future re-sale prospects at Puerto Sotogrande.

The harbour will, of course, be the focal point of the development, and the opening of a new link route with the main coast road will bring additional visitors to what has until now been a somewhat isolated complex of beach apartments.

"We needed a harbour for animation," explains Montojo, anticipating that it will pull in visitors who are resident in the surrounding countryside, to use the facilities which will grow up alongside the harbour. "Even people who prefer to live alone will want to come here for restaurants or a piano bar."

So far, there are several restaurants and bars, a boutique, furniture shop, ice cream parlour, travel agent and yacht chandler taking premises in the marina. A short distance away across the River Guadiaro, the original Sotogrande residential estate offers plenty of additional facilities and opportunity for sports—golf, riding, polo, tennis, trap shooting and water-sports. Many residents find the international school provides an important asset.

Only the first and most technically difficult phase of the *marina, the outer harbour, has* been built so far. Excavation was in soft sandy soil, and some land now sheltered by rocky breakwaters was reclaimed from the sea by builders Cubiertas *MZOW*.

A temporary concrete wall now marks the landward edge of the harbour, and beyond this seal, future excavation will take place in stages to create a convoluted lagoon lined with homes each having its own mooring. This will add perhaps 1,200 berths to the existing harbour ones, to accommodate boats from eight to 50 metres in length.

For further details contact the London sales office, Puerto Sotogrande, 27 Hill Street, London W1. Telephone: 01-493 1333.

Cheryl Taylor

NORTH AMERICA

Just a bite of the Big Apple

Ken MacTaggart goes property hunting Stateside and finds a big boom

HOUSE PRICES in the north-eastern states of the US are showing dramatic rises this year. New England, and the area around New York City lead the way, with an annual rise of 30 per cent in some locations.

Half a million dollars is the minimum you can expect to pay for entry to one of the country's 40 elite suburban neighbourhoods. And in the most expensive suburbs, the price of the average single family home is $1.2m.

In a survey based on summer sales prices, RELO, the largest non-profit-making network of American realtors, identified the country's most expensive residential suburbs as Greenwich in Connecticut and Mill Neck, New York. Both are New York City dormitories, Mill Neck being a small community on Long Island. The average home in both these places now costs $1.2m.

Across the East River from New York, the impressive Bergen County in neighbouring New Jersey is not far behind. Here, average prices in the suburbs Alpine and Saddle River are approaching $1.2m.

New York City, of course, is the factor which causes large distortions in the normal pattern of the property prices, and creates a market unlike any other in the world.

"We are dealing with the most affluent buyers in America," says Benjamin Rowe, chairman of Preferred Properties of Greenwich and president of *RELO*. "Price and interest rates often become secondary considerations. If a potential buyer falls in love with a house in this marketplace, he often pays whatever it takes to make a deal. That's why prices for luxury homes are sky-rocketing nationwide."

Only two of the top 10 most expensive suburban communities are outside the immediate New York area, and both are in California—Atherton near San Jose has an average price of $910,000, and San Francisco's Hillsborough reaches $850,000.

While prices in exclusive US suburbs continue to soar the rest of the nation's residential stocks is showing more modest growth. The average price of a single family home has risen by just 6.4 per cent in the past year.

In the big city itself, one New York neighbourhood has emerged as this summer's bargain territory, according to Joel Press, president of Gala Realty. Apartments in a three-block swathe on the Upper West Side, between 103rd and 105th Streets, are being actively *sought by younger buyers*—newlyweds, young professionals and first-time buyers. Gala has sold over $120m worth of property in this category in the past year.

A number of newly-renovated co-operative and condominium *developments are springing up* around Broadway. They include the co-ops at 210 West 103rd Street and condos at 209 West 104th Street. Developers The Ziegelman Organisation and AMC Realty have priced units from $83,000 for a studio to $114,000 for a one bedroom apartment.

"There are tremendous values throughout this region," says Press, whose company has *promoted the expansion of* higher quality homes into formerly down-market territory.

He is now selling property as far north as the dizzy heights of West 114th Street Queens, where much conversion work has been going on in recent years, in another New York district worth watching for medium-priced apartments.

The traditional summer lull in property sales has been particularly pronounced this year in Canada, with sales starting to slump as early as late May. In July, residential transactions were down by 13 per cent on the same month last year. But the high degree of activity earlier in the year, has meant that sales-to-date in 1987 are at record levels.

The Canadian Real Estate Association, which monitors market activity in 24 city centres across the country, predicts an autumn recovery of sorts, but admits that change is in the air. CREA president Robert Pedler "Canada's major markets are experiencing a transition."

A few districts stand out above the crowd, among them *Calgary where sales were up by* 21 per cent compared with July 1986, and London, Ontario, which recorded an 11 per cent rise.

The city with the highest house prices, according to sales through the nationwide multiple-listing service run by Canada's 112 local real estate boards, is Toronto, where the average transaction was C$186,700. Vancouver is the next priciest, *with homes averaging* C$139,300.

Oshawa in Ontario recorded C$127,300, Ottawa C$125,000, and just five others topped the C$100,000 mark—Hamilton, Kitchener, Hull, Victoria and London.

·WEEKEND FT REPORT·

CYPRUS

South with the Greeks

THE CHARM of Cyprus captures you with brilliant bougainvillea, hibiscus, lush lemon and organge groves, and grape vines heavy with deep purple fruit. And, only in Cyrus, will you see a road sign warning: "Caution: Road slippery with grape juice!"

After losing a third of the island (and some of the most attractive parts) to the Turks, just 12 years ago, the Greek Cypriots have since developed the holiday resorts on the south coast, and are now keen to attract overseas property buyers to this former British island.

Many new apartments and villas have been built around Limasol, Larnaca and Paphos. And, with low property prices, compared with the rest of Europe, rates as low as £25-£45 a year, and no capital gains tax, buyers from many parts of the world are now investing there.

One of the appeals is the superg year-round climate. Summertime temperatures soar into the 90s, and rarely drop below 60° even in the winter months of January and February.

In addition to the many servicemen still in Cyprus, there are about 3,000 permanent British residents and several thousand more own property there. Income tax is very low, and the cost of living is around the cheapest in Europe.

The choice of property available is wide, ranging from wrecks and ruins to newly-built luxury homes. There are neat white holiday villas and apartments at the edge of a beach, and sumptuous Roman-style villas, with sun-terraces, pools and fountains; as well as a number of older houses, oozing with character.

There are restrictions on the amount of land that foregners can buy on the island—about two "donums," almost an acre. This rules out the avocado farms and ancient vineyards which so many Britons often seek out. But there are plenty of village houses with pleasant leafy gardens, to be found in the midst of lemon groves.

Prices of traditional homes vary enormously, depending on location and supply of water and electricity (installation of these essential services can cost a small fortune here). As prices are nearly always by negotiation, precise valuations are difficult.

But a ruined stone cottage, in a rural setting, nestling amid oragne and lemon trees, may be found for as little as £5,000. A simple whitewashed village house, with exposed beams and open stone fireplaces, in a reasonable sate of repair, will cost around £10,000.

Villas near the growing resort of Paphos

A local estate agent in Phapos, Sopocles Sarakas, has some such properties on his books. Another alternative is to shelter behind a local lawyer who will seek out what you want, and bargain in the local manner.

There is now a great deal of new development, and fortunately a halt has now been called to the high-rise buildings of a few years ago. Revent changes of building laws now limit building to a maximum of four storeys, and construction on sites of historical importance is prohibited.

This is particularly evident around Paphos, where almost any patch of earth is likely t yield some archaeological artifact. Discovery of this type of treasure trove automatically puts a stop to further development, keeping building density to a minimum.

Although many new apartments and villas have been built around the tourist haunts of Larnaca and Limassol, it is Paphos in the south-west, that attracts the British investor. Anyone with the slightest interest in history or archaeology, could settle happily inPaphos. Visible remains include breathtaking mosaics, most notable of all being the House of Theseus. Paphos, with its picturesque old harbour, is more like one huge archaeological site, rich in Greek and Roman remains.

A new international airport has been completed in the south-west of the island, improving accessibility, and the soaring Troodos mountains form the backcloth to Paphos, enabling a resident to ski and swim during the same morning.

Although inflation is not high, property prices did start to rise two years ago. But in the last year prices have remained static and one can still buy a small studio around Paphos for as little as £14,000. A one-bedroom flat costs from around £22,000, two-bedrooms from £32,000, and the larger three-bedroom units closer to £50,000. A flat in one of the better holiday complexes would produce a good rental, possibly above 8 per cent a year on the investment.

Leptos Estates is a successful developer in this area and has been building homes in Cyprus for over 25 years. The developers also have a London office, 451 West Green Road, London N15 3PL (01-881 3356). Inquiries should be addressed to Mr Andreas Pedios.

Their development at Paphos Gardens has proved popular with British buyers. Close to the sea, and ideal for families with children, it consists of clusters of low, white villas, built in local style, set amid sub-tropical gardens. This development has its own swimming pool, restaurants, shops, and tennis courts. Prices begin around £20,000 for a studio, £28,000 for one bedroom, rising to £33,000 for a two-bedroom unit.

Those seeking a more permanent home might like a villa at Stephanie Village, a development of two groups of 50 villas, divided by an ancient vineyard, above Paphos, where the cheapest house is around £55,000 for a semi-detached two-bedrooms, with well-stocked gardens back and front.

Close to the foothills of the Troodos mountains, and overlooking the Bay of Paphos and the Mediterranean, you find the newly created village of Kamares (the name means arches), and that is the architectural theme. Villas at Kamares are built in grand style, with huge sun-terraces, patios, and private pools, enjoying stunning views over the mountains to the sea. All the properties are detached, and prices begin around £50,000 or £700,000 for 10 bedrooms, with a swimming pool on every terrace.

Building plots begin around £15,000, and villas can be built to individual specification.

East of Paphos a major developer, Cybarco, is involved in a new housing complex. Called Pissouri Villas, after the nearby village, this development overlooks one of the loveliest bays in Cyprus. Set among landscaped gardens, a selection of well-designed terraced and semi-detached houses are selling at prices from £38,000.

Also in hand is a Lordos scheme for villas, 4 miles inland from the beach at Curium, west of Limassol. The views from this hillside development are superb, and the predominantly British residents have their own solar-heated swimming pool and tennis courts. Souni Village is small and select, and all the villas are detached, the cheapest costing around £49,000.

Villamed Properties, 5 Sleaford Road, Branston, Lincolnshire (tel 0522 793065) are the UK agents for Cybarco, and also for Lordos Contracta. Further details may be obtained from Andrew Davey at the above address.

Before buying a home in Cyprus application must be made to the Council of Ministers on the island, and for permanent residency, an application made to the district officer in the chosen area (permission is rarely refused. Application forms from the Cyprus High Commission in London). For someone considering retiring to Cyprus, there is a minimum income qualification of around C£3,000 for a single person, and C£4,500 for a married couple.

Cheryl Taylor

RETIREMENT

Golden rules

WHEN DO you begin buying property for retirement? Estate agent Bruce MacEacharn, deputy chairman of Chestertons, says that if you don't start in your early fifties you could have problems. The prospect is not as daunting as it sounds. MacEacharn and other estate agents are more than willing to get you into the sun, but believe that inadequate forward planning is the road to hell.

Pulling up roots is no light decision. Of course, if you have the money to retain a home base—even a studio flat to lay your head when suffering from a Mediterranean sunstroke—matters become simpler. But if the villa on the Costa del Sol or a 115th of a Miami Condominium is going to be your only home, think hard. You are not just choosing where you want to live, but where you want to die.

So let us look at some golden rules for retirement buying gleaned from chats with estate agents during the past few weeks.

1.—Don't buy on the strength of a few idyllic summer holidays in a place you have come to call your own. It's very different when you live there. MacEacharn's advice is: "Spend a winter there before you make up your mind." You might find that the hub of the universe turns into a ghost town. His suggestion does not raise too many problems. Winter lettings in most resorts are cheap—you might even end winter in profit after locking up your house at home and paying no fuel and phone bills.

2.—Learn the language. This may sound unnecessary advice, but estate agents are amazed at how many well educated Brits still think that if you can shout loud enough in English in July to get yourself a gin and tonic, the same approach will mend a leaking water system in January. You don't need to take expensive crash courses at private institutions—local authority evening classes for a few pounds will serve just as well.

3.—Think carefully about your environment. If you are a youthful oldie, you don't want to live in a geriatric ghetto. You don't have to. The Costa del Sol, booming again now because of the opening of the frontier with Gibraltar, provides a lot of British negihbours of all ages. The last survey of Marbella, for example, showed an English-speaking population of 45 per cent and when an English school was opened there it rose from a few pupils to around 100 in months. And there is no danger of living in a ghost town in winter, although two rather exclusive restaurants shut down through January.

4.—Health care. This follows from Rule 3. The new contact with Gibraltar enable Brits in southern Spain almost instant access to British doctors.

5.—If you still insist on getting away from it all, be careful. A little place in Provence may seem idyllic on holiday. People made a fuss of you, you danced nimbly at the bal publique, but when you're just an elderly Brit whose dancing feet have gone, life may be not so rosy. You might find yourself coveting that retirement block you turned down on the Algarve.

6.—Buy legally and pay legally. Don't fall victim to cowboys who want to sell you a £60,000 apartment for £50,000 if you pay the money in Britain. There is a good chance they don't even own it. And MacEacharn's advice is to bring in a British lawyer for the contracts even if it costs you a few hundred pounds more.

Obeying these rules should put you on the right track. There is no reason why retirement abroad should not be everything you wanted it to be. With your new foreign language you can get better service and shop at the really cheap shops well off the tourist track.

Retirement abroad can be paradise or hell. Fortunately, as with most of life's decisions, the choice is up to you.

Alan Forrest

HOUSE-HUNTING

From the inside

IN THE hunt for the best place to buy holiday property, consider doing a bit of insider trading. Have a look at where property professionals choose to put down their money and put up their feet.

Bruce MacEacharn, Chestertons Prudential deputy chairman, has been surveying Mediterranean property for two decades. Over the years two places have become his favourites—Tuscany in Italy and France's Provence region.

He recently bought a three-bedroom house in Panoramer, a development at Théoule sur Mer on the Côte d'Azur. "I put that as a very good investment," he said, explaining that eventually he would use that house to trade up to the Provence region which lies behind the Côte d'Azure, or to a home in the hills of Tuscany.

He said he prefers to get away from the coastal regions with their crowded roads and full restaurants. "I'm a great believer in tradition . . . I would choose an older property, like a converted farmhouse with a swimming pool, olive trees, and a wild garden."

In the past MacEacharn was involved in the running of the Aga Khan's Costa Smeralda in Sardinia. That remains a special favourite, offering features such as a superb marina, interesting interior, and easy access by boat to lovely islands. But it is extremely expensive.

George Knight, owner of George Knight Estate Agent in Portugal, said: "I would choose central Portugal or the north of Portugal. I love it there." He has an apartment in Monte Estoril overlooking Lisbon's harbour, but said: "My ideal is up on the various lakes north of Lisbon it's a land of streams, hills and lovely old houses. There's a lot of peace and quiet." Being in that area also makes it easier to join in the Portuguese way of life, he said.

His ideal location would be east of the university town of Coimbra, between Lisbon and Porto.

In the future the hopeful holiday property owner may face problems in setting up his perfect retreat, he said, since Portugal is curtailing development and trying to keep out the rowdy and destructive type of British tourist. Knight said: "They're clamping down on the number of developments, and they're favouring middle to upper price range developments."

Tuscany crops up again when Richard Lay, chairman of Debenham Tewson & Chinnocks, is asked to name his ideal spot. "I would choose it because of the people, the food, and the wine, the closeness to Florence, the weather . . ." The perfect site within Tuscany would be up in the hills behind Florence, he said.

Since Debenham Tewson & Chinnocks has offices worldwide, Lay travels extensively in his job. If he had to select his absolute favourite place in the world, he said, it would probably be Antigua in the West Indies. But as a regular holiday retreat, time and travelling distance make Antigua unpractical since to be worthwhile a holiday home should be within a three-hour flight and within a similar time zone.

For Susie Ogilvy, London sales manager for Montpelier International plc, the south of France has the most appeal. She has tried other places: "Portugal is nice, but I got bored with the food there—chicken and pork over and over again."

She spends a month a year in a villa near Valbonne. (It is rented—she says she can't afford to buy one.) "You can eat extraordinarily well there, and if you know where to go, it doesn't cost and arm and a leg."

She said she is drawn to the area for a number of other reasons: being able to reach the villa by 4 pm on a Friday if she has left London Friday lunchtime, by its easy access to Nice, Cannes and Antibes and to ski areas in winter, and by lovely sights like the mimoses that bloom in March.

"The more you go there the more you love it," she said. "You get to know where to go shopping and the resturants where the local people go."

Monpelier International, a British overseas leisure property development and management company, is selling villas outside Valbonne in its Mont d'Azur development. A four-bedroom villa with a pool costs in the region of £275,000.

Ian Stewart is a director of Savills, a company which concentrates on British property. He said there has been a "huge increase" in people looking for second homes in England where they can spend their holidays.

Property expert Peter Kearon, a partner in the firm of Knight Frank & Rutley, throws up his hands at the whole idea of owning foreign property. "I distrust the way things work, the way you can't sell it when you want to." But most of all, he said: "I distrust the plumbing."

Kearon said he has had enough experience with repairs and maintenance on his country home and his daughter's flat in Edinburgh to know that the problems are difficult enough to fix here, much less in properties several countries away.

The memory of a holiday spent in Minorca waiting for Manuel the plumber to come and repair the hot water system in his rented villa is burned on his brain. "I spent two weeks waiting for Manuel 'to attend'," he says ruefully. "You're at the mercy of these fellows."

Nor do the properties often make a profit for the owners when they're rented out. "It washes its face if your lucky," he said. "I don't rate it in practical terms. It's fraught with hazard."

Kearon said that instead of settling down in his own home abroad, he heads for luxury hotels. His current favourite is one in the middle of Morocco called the Gazelle d'Or, where if anything breaks it's someone else's headache.

Holly Smith

Overseas Property

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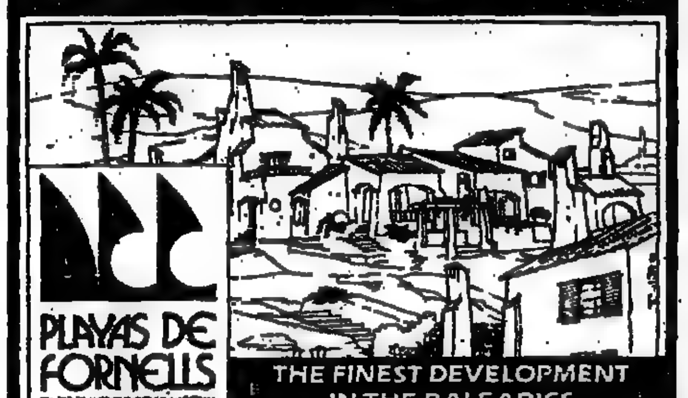

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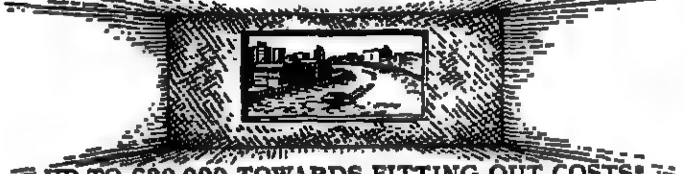

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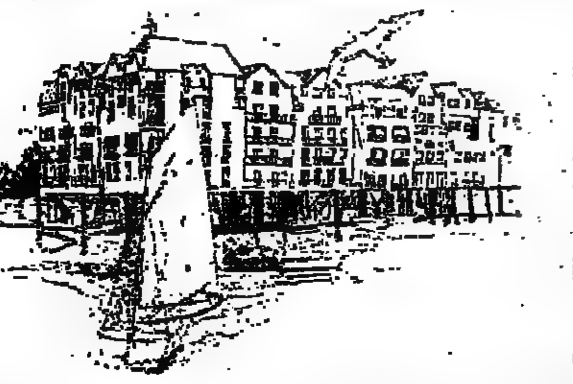

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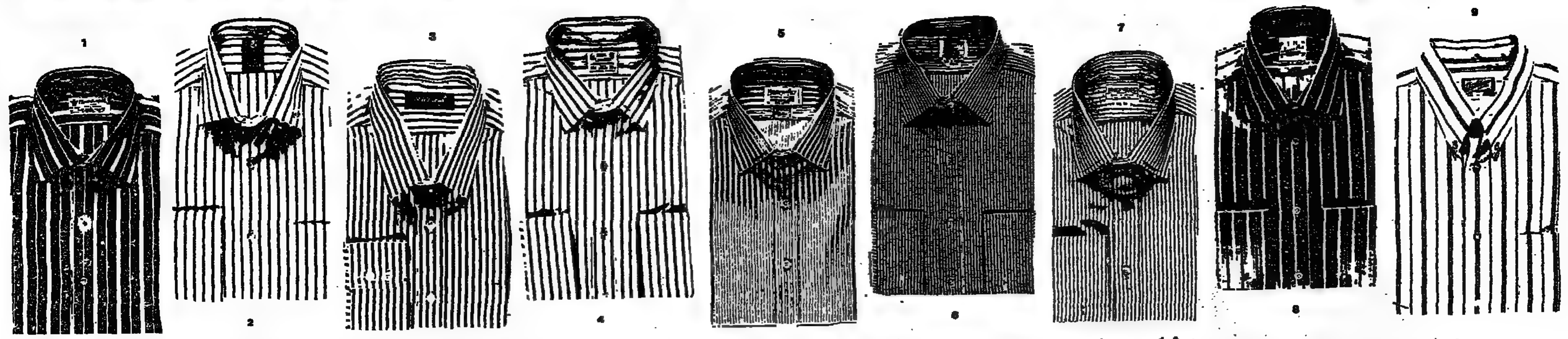

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Lucia van der Post

HOW TO SPEND IT

THE LANGUAGE of clothes has always been rich and fascinating. Whatever we put on, whether it be a wacky earring, a sober suit or an outrageous tie, some kind of message is always there. Nowhere is this more true than in the world of the professional man where subtle signals like the width of the shirt stripe, the sit of the collar and the cut of the cuff speak volumes.

Once upon a time the importance of such matters was almost solely to do with wealth and status, with indicating to others of your tribe that you, too, knew the rules, toed the line and could be trusted.

Today, there are other, subtler considerations at work. The professional man needs to show he's no blind follower of convention merely for the sake of it, that he isn't daft (or unbusinesslike?) enough to pay over the odds simply for a label, that his discerning eye recognises true quality when it matters and that then he's prepared to pay.

For quite a complicated message there is scarcely a better medium than the classic city shirt. Here detail and quality are all. Who buys what seems to have little to do with income (after all it's almost impossible sensibly to spend more than £70 a time) but a great deal to do with understanding the finer niceties of a high quality shirt.

Who, after all, hasn't seen highly paid professionals in short-sleeved drip-dry horrors while one of the most poorly-paid artists I know is never to be seen in anything less than two-fold poplin classically and beautifully cut. As he puts it, "I'm not really interested in anything but top-quality — I just wouldn't be bothered with it. I bought all my shirts in jumble sales years ago and the thing about buying good quality in the first place is that it looks better with wear."

In shirt circles you'll find the phrase "Jermyn Street quality" much bandied about and many a new mail-order merchant claims to sell similar quality at lower prices. If Jermyn Street quality is what you want these are the details to look for. The quality of the cloth should be two-fold poplin or Sea Island cotton (though Oxford cotton, thicker and normally in plain colours, offers an alternative acceptable aesthetic). The shirt should be roomy but not baggy and it should never pull anywhere (body-hugging shirts with darts are strictly down-market showbiz).

Many a tall man and thrifty wife goes only for makes with long tails—this stops the shirt riding out and the tail can come in useful for turning collars and cuffs. The most generous have gussets in the tail for even more roominess.

The collar, though, is what the experts always notice first—they should have a slight concave curve to the collar-bone (cheap shirts never have this), it should have removable stays (cheap shirts have them built-in and they never look the same) and the fine stitching should be inset exactly ¼ inch from the collar edge.

All the grand names have slightly different collar shapes—to you and me it may seem scarcely perceivable but those in the know can spot them at 20 paces. Which is the one for you is entirely a matter of personal preference.

Other details that matter include two-piece yokes, mother-of-pearl buttons (though you could, I suppose, easily change them) and seams with fine double-stitching. Strictly, cuffs should be double and the best makes have a fold to let out at the top of the sleeve.

Once Jermyn Street stood alone—today there is a whole host of challengers to keep them on their toes. To see just how the competition is faring, How To Spend It looks at the classic city shirt—nine of them, all in 100 per cent cotton from outlets as different as Marks & Spencer and Hilditch & Key and at prices varying from £15.99 to £79.50.

The ultimate test, of course, of the perfect shirt is not just how it looks in the packet but how it wears—this we didn't have time to do but for our assessment of them read on.

1—Those who are wedded to Turnbull & Asser (and there are many) will never look anywhere else. Experts can tell the T & A shirt at a glance—it has an air of indefinable generosity about it, nothing mean or skimped anywhere. The collar is bigger and slightly more widely angled than is usual to allow ample room for the tie-knot of the more generously cut T & A ties. This shirt features a typical T & A fabric—colourful but appropriately so—it has groups of very fine dark blue stripes bordered with fine red stripes. Made from two-fold poplin, it is straight and roomy, has a four-piece yoke, butterfly gussets, round tails, a three-fold collar (with, of course, removable stiffeners) and three-button cuffs. With its mother-of-pearl buttons, its feel of soft luxury, it would be very hard to beat. At £55 it may seem expensive but it feels like a really top-quality garment, a joy to wear. Turnbull & Asser is at 71 & 72 Jermyn Street, London SW1.

2—Probably the most competitively priced shirts on the market are those from A. J. Neale (there is a shop at 21 Watling Street, London EC4 and a mail order catalogue run from the same address). It offers mostly business stripes at prices starting as low as £9.99. This one in a white and red sells for £15.99. Most of the workmanship has gone into the collar which presents quite a good front to the world—it has removable stiffeners, stitching a little close to the edge but quite fine. After that it seems to be very poorly made with ill-finished shirt-tails, no double seams, and sleeves which seem poorly set. However, it is very cheap, its collar looks good, its fabrics look the part—a city chap just starting out will, for a while, look the part. A. J. Neale is also good to know about in emergencies in that it runs a same-day courier service in central London—for an extra £2.50 you can have a shirt delivered to your home or office the same day.

3—Like most things in life, when it comes to shirts you mostly get what you pay for. This 100 per cent cotton shirt, in a classic Bengal stripe (which means the white and the colour are each exactly one eighth of an inch wide) sells for just £19.99 at larger branches of Marks and Spencer. It is excellent value for money—you could undoubtedly pay more for worse quality—but when you put it beside the Jermyn Street versions there is no comparison. The collar gives it away first of all—with built-in stiffeners and stitching much closer than the classic ¼ in from the edge, it just doesn't have the same air of class (collars, in the end, are what shows most). It does, however, have a two-piece collar, a good cuff with two buttonholes, fine quality stitching and is made of excellent cotton. If £20 is all you can afford, this is how to spend it.

4—For many a shirt-fancier, New & Lingwood does the most perfect collar of all. There's also many a chap who was first introduced to New & Lingwood while at Eton (there's a branch conveniently handy at 118 High Street), went on to patronise the branch at 11 King's Parade, Cambridge, and has never bought any other make since. Here are all the hallmarks of the classic shirt—the long tails, mother-of-pearl buttons, the full straight cut, 34 in sleeves with a small tuck in the shoulder so that it can be let out a further inch for the long-armed. Double-cuffed, in white(no classic city shirt ever has another background colour than white) and dark blue stripe (though there are, of course lots of other colourways), it sells for £42.50 from the branches mentioned as well as 53 Jermyn Street, London SW1 and 155 Fenchurch Street, London, EC3.

5. Another fine-looking shirt from another classic Jermyn Street (no 87) shirt-maker, Hilditch & Key. Most expensive of the lot at £79.50, it is made from softest Sea Island cotton (which accounts for some of the price difference), has removable collar stays, double cuffs and hand-sewn buttonholes. The buttons themselves are of mother-of-pearl and the shirts are all cut by hand. All in all a lovely, soft, luxurious feeling shirt—ours is in a fine blue and dark blue stripe but there are plenty of stripes to choose from. If you like the style but not the price you can buy two-fold poplin shirts at £49.95. For those who own their white shirts, Hilditch & Key will turn collars or the cuffs. Many a H & K fancier kits himself out entirely from the sales—ask to go on the mailing list.

6—Hackett is well-known for selling only the most classical and traditional of men's clothing. When it decides to make anything itself it does it in the strictest, most faithful way. Its own brand city shirt is made from 100 per cent one- and two-fold poplin, has the classic Jermyn Street collar, with removable stays, full body cut, double cuffs, long tails and mother-of-pearl buttons. There is a good selection of classic Bengal stripes. At £32 (£3 p+p) they seem excellent value. Hackett is at 65b New Kings Road, London, SW6.

7—James Meade is one of the new generation of mail order merchants who aim to offer Jermyn Street quality at much lower prices. At £32.50 it offers a good range of men's city stripes with a choice of double and single cuffs and up to seven sleeve lengths. It offers long shirt tails and with the longer sleeve lengths make the tails even longer. Only finest two-fold cotton poplin is used, collars have removable stiffeners and a re-collaring and re-cuffing service is offered. I don't think you would mistake them for Turnbull & Asser but they do offer excellent value—they seem well made and one fan of our acquaintance no longer buys elsewhere. "Apart from anything else," he says, "I hate shopping and this way I can do it all by mail." For a brochure, write to James Meade Shirts, 6 Hardwicks Way, London SW18 4AJ.

8—More shirts by mail order—this time from Thomas Pink, 16 Cullum Street, London EC3. Nice flamboyant stripes (pink and blue on white) good-looking collar, two sleeve lengths (regular or extra long) and a choice of double or single cuffs. Cut generously it is excellent for large men. Made from fine cotton (two-fold) with good stitching and nice looking authentic mother-of-pearl buttons, it is exceptional value at £28. Also available from the shops at Drayton Gardens, London SW10, 35 Dover Street, London W1, and 1 Queen Street, Bath. Is developing a very faithful following and a quality conscious artist friend thinks they offer astonishing value.

9—Nobody does button-down collars like Brooks Brothers (they copied them from polo shirts when the chaps needed collars buttoned-down to keep them from flapping in their faces when tearing about the field). Brooks Brothers seem to be the only shirtmakers in the world who have the knack of making the collar arch slightly outwards in a concave shape so that it looks equally good when sporting a tie or when worn casually without one. This collar seems slightly too small to be worth buttoning down, making it look purely decorative and thus fussy. Not strictly a classic shirt, this is what my artist friend describes as a "late 1980s fashion shirt which will look dated in 10 years time." In the meantime it is made from nice-looking fine garnet and navy stripe which does seem quite different from the Jermyn Street offerings. At £22.99 it feels good and would appeal to those wanting an alternative city look. From Next for Men.

Green welly market

The rural dream: Georgian country house engraving

GREEN has long been beautiful but it hasn't always been commercial. These days, though, it is more than just the landed gentry and vicarious country dwellers who have their eye on the green and golden acres—some of our canniest publishing empires have seen that there, in among the cows and hedgerows, the converted mill houses and climbing roses, lies a blooming new source of revenue.

Time was when Country Life and The Field jostled alone in their niche on the newstand. No more. The last few years has seen the arrival of a new generation of country magazines, bought not just by those whose roots have traditionally been in the country but by new arrivals who want to learn country ways and by frustrated urban dwellers dreaming of the day when they, too, can join the rustic idyll.

And it looks as if we ain't seen nothin' yet. So inexhaustible seems this yearning for all things pastoral that yet another magazine for the green welly set is being launched next week.

Marcus Binney, disaffected ex-editor of Country Life, is so persuaded that he has found a new niche for a country-orientated magazine that he has put much of his own money into the launch of the monthly Landscape (£1.50) which hits the bookstalls on October 2.

He claims that far from treading on Country Life territory Landscape will have a new and powerful voice of its own. "We aren't trying to purvey a dream of living in the country, nor are we just going to appeal to traditionalists. Landscape will have a cutting edge to it; it will be a magazine with a cause—conservation and our heritage.

"I'm convinced there are a lot of people out there who really care about the motorway going past their garden, the destruction of the rain-forests, the effects of the ozone layer, the disappearance of the rhino. Our market will be different."

As niches go it's very finely-focused, but that's what this kind of publishing is all about. On the surface the magazines may look alike, but look a bit deeper and the differences are there.

Take Country Homes and Interiors (£1.40, Carlton Magazines) and Country Living (£1, National Magazine Company). On the newstands they look like twins but to their publishers, editors (and, one assumes, their readers) the differences are vital.

Sue Phipps, publisher of Country Homes and Interiors, describes it thus. "Country Living is about a certain kind of lifestyle that exists in the country. We are more of a design magazine for people who live in the country. They have the higher circulation, 120,000, as you would expect from a magazine that covers wider interests, while we, with a more precise niche have about 80,000. "You could perhaps call Country Living the Good Housekeeping of the country dweller, while we are more the House and Garden."

Deirdre McSharry, editor of Country Living, describes her magazines as a "celebration of country living. It's success is all part of a genuine return to the land movement. Life is changing, it's not going to be the way it was. People won't all have to work in cities to earn a living.

"Ironically, it's modern technology that has freed us and I see many people returning to the country and doing what they did in the 18th century and running small businesses from there. While the more traditional country magazines speak to traditional country dwellers, we have discovered a new reader, the new country dweller, as well as those who have to live in cities but are interested in country matters.

"It's all part of the green movement, of a return to roots, to fundamental values, an interest in health foods, garden design, in wild flowers and EEC surpluses.'

The new magazines, however, aren't the only ones that are doing well. Over at Country Life and The Field, those twin props of the affluent traditional country dweller, circulations are booming. Country Life is running at 48,000 and ever since The Field turned from a weekly to a monthly its circulation has romped up from 17,036 to 30,925.

Sue Phipps points out that in 1982, the four main country magazines on the market—Horse and Hound, The Field, The Shooting Times and Country Life—accounted for nearly 6m sales. This year the genre, with two new titles in the stable (Country Living, and Country Homes and Interiors) will sell nearly 11m copies between them. The value of the market has risen from £5.9m to £10.9m.

To those who really have to earn their livings in the country many of the images these magazines purvey seem to have a spurious, almost folksy charm—more to do with potent symbols of a rural utopia than reality. Real or not, they are the current hot sellers and nobody seems in any doubt that Landscape, if it is good, will find a market.

As Sue Phipps put it, "magazine sales seem to have no final resistance point. Even cover prices don't seem to have much to do with it. If you come up with a good magazine, there's always room for it." The caveat, though, should surely be—provided there's country in the title.

LvdP

Saleroom/Antony Thorncroft

Bank on notes

WHEN JEWS fled Hitler's terror in the 1930s, sometimes all they carried to support them in exile was a stamp album. When an Iranian Jew, Ebraham Abaie, escaped from Revolutionary Iran a few years ago he brought out a collection of banknotes. On Thursday he hopes to cash them in at Christie's and be £75,000 richer as a result.

This is not the best of times to be off-loading the finest group of 20th century Iranian banknotes in private hands, but needs must. . . There are perhaps half a dozen serious collectors of Iranian notes, salivating over such rarities as a 100 Tomans "payable at Yezd only," and worth around £100 when it was issued in 1913. Today it is valued at up to £3,500.

Mr Raymond Sancroft-Baker, Christie's banknotes expert, is the first to admit that, with this collection, his estimates, for once, may be way out. But if there is any demand it should surface next week when all the major international dealers and collectors are gathered in London for the week-end's annual congress at the Great Western Hotel.

For years banknotes were the poor relation among the collectibles, looked down upon by both coin and stamp collectors. Stanley Gibbons' attempts to create a market in the late 1970s collapsed with that company and for years prices were depressed. Now they are picking themselves up. There are still many banknotes, especially the picturesque issuec from exotic, far-away, countries, which are only now approaching the price levels of a decade ago, but there is a new breed of serious collectors.

An Australian has invested £500,000 in British banknotes and his enthusiasm is matched by a Lebanese buyer. British notes, as with stamps, have a worldwide appeal and have more than regained their value.

The overall picture is a field which has finally squeezed out most of the investment element, and is enjoyed by collectors. Next week, Sotheby's, Christie's and Phillips are holding major sales to tempt the fanatics jetting in to London.

The attraction of banknotes is that they can be very cheap. Coincraft, the Great Russell Street dealers, will sell you *half a dozen colourful Chinese* banknotes, dating from 1913, for £3.50. Next week *it* is holding a sale, so prices will be *even lower.* At a more sensible level the notes issued by British provincial banks in the 19th century, when any worthwhile *town had its local* bank, can be acquired for £20 or so.

Sotheby's is offering eight on Thursday from Kent, including banks at Tonbridge and Margate, with an estimate of up to £150, and Phillips is selling a wide range, including an 1816 £5 note from Chipping Norton, an unissued £1 from Halifax, and a 1903 £5 from Newmarket.

Equally cheap-seeming are the notes issued by the Bank of England and, for a brief period after 1914, the Treasury, including the famous Bradbury's. Sotheby's has a great rarity, an uncirculated Bradbury £1 note of 1914 carrying the number 00002. Usually the first notes were retained by the Government, or presented to the Royal Family. This exceptional item carries a top estimate of only £2,500. Probably the highest price ever paid for a bank note is the US$52,000 which secured earlier this year a previously unknown note issued in Thailand, which had been estimated at $500. Collectors in Singapore and Hong Kong have become very enthusiastic buyers for Far Eastern banknotes in recent years and have transformed the market.

In a way the very cheapness of banknotes deters rich collectors, although there is one keen buyer of all the £1,000 notes issued by the Bank of England. No one knows how many were reelased—estimates range up to 100—but Christie's sold one recently for £6,800. Another problem is the excess of choice. Some people collect specimen notes; some particular countries; some forgeries; some national, or local British notes; some the printers; some notes depicting, say, camels.

Anyone visiting the salerooms next week can find such rarities as two previously unknown £1 notes issuesd in Guernsey in 1918 and estimated at up to £2,500 (the Channel Islands, with its rich residents, is good banknote buying territory), and such bargains as an 1807 £1 Bank of England note estimated at around £150 (at Christie's).

Over at Sotheby's there is an attractive £1 Fiji note of 1872, for up to £800, as well as the six specimen banknotes made by Bradbury, Wilkinson for Sarawak in 1929 and estimated at up to £4,000. Phillips has a good selection of Scottish and Irish banknotes, which are generally regarded as underpriced.

There may not be much glamour attached to banknotes, and often their condition leaves something to be desired. But they have their attractions. They can be beautifully designed; many are undoubtedly under-priced—and those issued by the Bank of England can still be redeemed for cash at not much less than their collectable value.

A detail from "Rape of a Sabine," by Giambologna

Richard Lambert on a bunch of colourful tricksters

How to fool all the people

"FRAUDSTERS": SIX AGAINST THE LAW
by Michael Gilbert. Constable. £12.95, 203 pages

AN ODD sort of book, this. Its heroes, or villians, are about as disparate a bunch as you can imagine, ranging from Ivar *Kreuger, the Swedish match* king, to the unhappy former MP, Mr John Stonehouse. To judge by the bibliography, the *selection may have had as much* as anything to do with what the London Library happened to have in at the time. There is *very little original work here.*

Still, it is put together in the lively style that you would expect of its author, a success*ful thriller writer. And although* its subjects have very little in common, their case histories provide a useful check-list of *do's and don'ts for* the aspiring fraudster.

The first step is to decided whether your mental attitude is *sufficiently* flexible and robust for what is often a very demanding career. Ivar Kreuger established his credentials at an *early stage,* by *setting* up a system for co-operative cheating, whereby each boy in the class concentrated on his best subject and allowed the *others* to copy his work in return for similar privileges.

Horatio Bottomley, who comes across in this book as a cheery sort of chappy, appears to have had an unusually clear set of values. When an office boy was caught helping *himself* to the petty cash, Bottomly refused to sack him, merely observing: "We've all got to start somewhere."

Having established your qualifications, the next step is to set up as complicated a web of interlocking companies as possible. This serves a double benefit. In the first place, it will bemuse your victims and deter your pursuers. In the second, it will ensure that if you are caught, the jury will be stupefied with boredom and anxious to bring your case to a rapid conclusion.

This again was a technique at which Bottomley *excelled,* as an excerpt from one of his trials demonstrates

Judge: "As a matter of curiosity, how many questions are there?"

Bottomley: "My Lord, there are 11,460."

Next, choose your fellow directors with care. The right quantity of blue blood is all but essential, and so is a full understanding of what is to be required of them. At the trial of Whitaker Wright, a certain General Gough-Calthorpe was asked if he knew what his duty was as a director of an important City company. "As far as I could ascertain," he replied, It was to sign my name many thousands of times on share certificates."

It is helpful, too, to remember to flatter or if necessary bribe the right financial journalists. But there are certain extremes to which you must not go. A distinguished war hero withdrew at the last moment from a potentially ruinous association with Clarence Hatry because *he remembered his* father's advice: "Never trust a man who talks money at meals."

Once established in your chosen profession, be sure to furnish yourself with the appropriate accessories — Whitaker Wright's underwater assembly rooms might be a sensible model. But do not make the fatal mistake of many fraudsters of trying to make too much of a good thing.

Be warned by the fate of Leopold Harris, the man who turned fire raising into a highly profitable art-form. His last few efforts were not at all satisfactory, either as conflagrations or as insurance frauds. Much better to quit while you are *still* ahead. If you are going to be caught, be careful about the timing. It was Clarence Hatry's misfortune to come up for judgment shortly after the crash of October 1929, an event which left him standing somewhere below Jack the Ripper in popular opinion polls. He was sentenced to 15 years for a crime which, in different circumstances, would not have been worth half as much. That was Hatrys other piece of bad luck—to come up before a judge who was never known to bat an eyelid on the numerous occasions upon which he donned the black cap. Even his biographer admitted of Mr Justice Avory that he could understand why people thought Avory took a positive pleasure in passing sentence upon guilty wretches.

So the final lesson is that, *if conviction* is inevitable, at least secure a sympathetic judge.

After a lifetime of writing about bloody murder, Mr Gilbert has a rather rosy view of fraudsters, whom he admits to finding much more sympathetic than the villains he is used to dealing with. There is very little mention in this book of the victims of these crimes.

His views on the character of the offence are, by and large, *absolute tosh. He believes in* a rugged system of caveat emptor, and thinks Britain's attempts to curb fraud are symptomatic of *a national weakness,* that of taking a good thing to far—"the same paternalistic outlook that forces children to drink *milk* and their parents to wear seat belts."

In reality, of course, large sectors of the UK financial industry have been more or less wholly unsupervised for years, so that it is not just fools who are parted from their money as a result of fraud.

Yet these views do not intrude too far into the book, which will provide entertaining relief for those who are bored with today's financial headlines.

More Book Reviews are on the following page

Stock response

Food for Thought

"*I ONLY use sole* to make my fish stock," says Nico Ladenis. "Only the bones. No skin and no heads. I've never been able to make a good stock with brill or turbot or any of those other fishes."

Terrific. Those of us who have turned our deep freezers into mortuaries for salmon, halibut, brill, John Dory and turbot bones will just have to chuck the whole lot away, scour the city for sole bones, or resign ourselves to a diet of dover and lemon soles for the nonce. And we haven't even begun on the arcana of whether or not to add a little diced carrot to *the white vegetables that go* into the stock (Nico does, "but most chefs don't"); or whether white wine or cider or white *wine and cider or vermouth or* water or any combination of these *is* to be preferred.

But when Nico speaks on culinary matters, it's worth listening. Famous for the prickliness of his temper (exaggerated) as for the silky brilliance of his sauces (justly), he is a self-taught cook; now generally held to be among the gods. The trouble is that the Law of Ladenis on stocks, and that of many other writers on food, might consign the average home cook to despair even before the cooker is switched on.

Fredy Girardet lists shin of veal, calf's foot and chicken carcasses as ingredients for white stock in his book Cuisine Spontanée. My kitchen doesn't really run to shins of veal, calf's foot and chicken carcasses on a spontaneous basis. It is actually quite difficult to *get these all together at the* same time.

Then there are dreadful instructions that begin "Brown five lbs veal bones." These are written by someone who has never had fewer than half-a-dozen hardened professionals under them, and an extractor system that really works.

The point of browning the veal bones, in case you wondered, is to add colour to the final product. But be careful about the browning. Brown the bones too much and your stock will taste bitter and your kitchen will be filled with an unpleasant oily smoke that an extractor will struggle to cope with.

Then—when the bones are nicely browned—you discover that they will not fit into your stock pot. You will have to cut them up with that rusty saw you spotted in the potting shed.

The bones fit. The vegetables are chopped. The bundles of herbs stand ready. What next? Add a pint of wine and let it reduce to a couple of tablespoonfuls. It is a sad fact that the better value the wine, the better the stock. Chateau Petrus 1945 or Richebourg 1959 are probably beyond the reach of most of us for these purposes, but lay your hands on something half way decent. Pour in a pint with a brave hand, and console yourself with what is left over.

At this point it may occur to some of you that the precise terminology of Ladenis *et al* is beginning to blur. I think that is probably as it should be. Recipes of this kind are *starting points for the domestic* cook, not holy writ. We cannot seriously attempt to emulate professional kitchens. That is *the road to madness.*

The objectives of the two are quite different. A restaurant works to a predetermined menu. It seeks to achieve a high degree of consistency in the preparation of the dishes time after time. I do not want to *do that in my own home;* that is what I pay for elsewhere. At home I want variety, experimentation.

I might add a sliver of ginger to the fish stock, and the carrot, too. If I'm short of white wine I'll try the cider, or finish off the bottle of vermouth. And it is more important to my peace of mind to make sure that bones will fit into my stock pot than it is to brown them first. (Add onion skins to the stock pot instead. They will help colour up the final result.)

Skimming and reducing are more important to me than exactitude in ingredients. All flesh throws off unsightly matter that floats to the surface as grey scum. Removing it is boring and time-consuming, but your *stock* will benefit considerably from this kind of attention. (If trapping floating detritus against babbling vegetables is difficult, try sucking it off with a bulb baster, adding comic relief as well as refinement to culinary practice.)

Now you have your basic stock. Strain it through a sieve —or muslin if you are really conscientious. Pop it in the *fridge, placid and glistening,* and let it rest. You will find it easier to remove any surplus fat after this has solidified on the surface. Then the stock is ready for final reduction, or for whatever you choose.

Peter Fort

Second byte at the cherry

HORROR STORIES about using cheap Amstrad wordprocessors must rang a close second to *those of British Telecom on the* hit parade of boring conversations.

There is the widely reported case of the High Court judge who spent most of the night typing out his judgment and then accidentally erased the lot —he *switched* off the machine before storing his wisdom on disk. (The case was postponed for a day while he rewrote the conclusion with pen and paper.

Many of us have had to calm tearful secretaries and distraught partners *after vital* information "disappeared" from a newly-acquired Amstrad. Customers complain that the *machines are too slow, the print* quality is poor and the screens are hard on the eyes, but everyone agrees that they are good *value for money.*

This week Amstrad launched an improved version of its PCW which works faster than the original, has a marginally superior screen, looks prettier and, most important, has a much better printer.

The new machine, called the PCW 9512, continues the Amstrad tradition of providing the customer with a complete package of software, hardware and printer. (Most computer companies expect people to buy *these items* separately and, with inevitable difficulty, plug them together.)

Instead of the dot-matrix printer, *which forms the letters by* hammering hundreds of little black dots on the page, there is a more conventional "daisy-wheel" printer that produces print in the same way as a typewriter.

Eureka!
AMSTRAD UPDATES

The printer runs at 20 characters a second, which is reasonably *fast* — and good value, given that printers with similar speeds cost about £200 to £300. There is also an additional built-*in Centronics interface,* which allows other printers and devices to be plugged into the Amstrad.

The new machine still uses the non-standard three-inch disks, but the disk drive has been *improved* to store 720 kilobytes of information; nearly twice that of the first PCW.

A white-on-black screen replaces *the green-on-black* display, which could be easier on the eyes. The keyboard has been improved simplifying the number of commands needed to work the wordprocessing software. Where the first model, the PCW 8256, cost £399 plus VAT, the PCW 9512 package costs £499 plus VAT, which is *considerably cheaper than put*ting together a similar wordprocessor from other products on the market. Its accompanying manual is reasonably easy to get along with.

Amstrad will continue to sell the original wordprocessors in its PCW family, but at greatly reduced prices—the PCW 8256 at £299 plus VAT, and the PCW 8512 at £399 plus VAT.

With its better printer, the 9512 is good value for small businesses, although some people argue that it is more prudent to spend a few hundred pounds more on a package which includes an Amstrad IBM-compatible personal computer that can do more jobs than wordprocessing. But for *freelance writers and voluntary* groups, where print quality is not all that important, the original PCWs are excellent *value. At current prices,* Amstrad horror stories look set to become part of modern folklore.

Peter Knight

Wine

Beyond the Austrian scandals

WITHIN a small region of Lower Austria, south of Vienna you will find that the wine district is now, unmemorably, named Thermenregion. Presumably this is because it includes both Bad Voslau, known *for* its medium-quality red wines made from the Portugieser grape, and Baden, the setting for Die Fledermaus, which is more notable for the promotion of champagne than for the local wines.

However, the most notable wine from the region is Gumpoldskirchner. Internationally it is the best-known of Austria's wines, though seldom seen abroad. Unlike the very dry whites that dominate Austrian wine-making, Gumpoldkirchner *is full-flavoured,* with an encouraging bouquet and a good deal of taste.

Auslesen wines are not uncommon, and in rare years, like 1976 and 1981, Beerenauslesen and Trockenbeerenauslesen were produced. These wines are *sometimes made separately, but mostly* in combination from two grapes—Zierfandler (also called Spätrot) and Rotgipfler. The latter tends to be low in *acidity, sometimes dry* and it *is picked* earlier than its mate and may be dry. The Ziefandler has more acidity, needs sun and is picked later. In good vin*tages it can be very fine.*

Gumpoldskirchner originally stemmed from the time when sugar was not available; so the monasteries planted vine*yards. Melk, Klosterneuberg, Lilienfeld* and Heiligenkreux, the largest of all with about 50 ha, are among the vineyards still owned by monasteries.

Today the wines *entitled to the Gum*poldskirchen label must be produced within the confines of the commune. This limitation, set after the Austrian wine *scandal when die-ethylene was added* to some wines, has prohibited some nine or 10 villages from using the label. Now the wine is produced from only 460 ha. with an average production of 2,300 hl. Growers think that there is now so little that distribution abroad is problematical. Of the 210 growers entitled to the appellation only 60 make a living from wine alone.

There is a special Gumpoldskirchener *called Königswein, which is chosen by* a wine tasting committee from samples submitted by growers. It has a special label showing a king with ermine-trimmed robes happily sniffing a glass. I sampled 14-degree Auslese Königswein '83 from Josef Weiss, an enterprising *grower* with only 2 ha of vines.

In the agreeable little town there is a wine school dating from 1898, and a co-operative, started in 1907, which produces most *of the* red as well as *white* wine in the area. The best recent vintages were '83, '85 and '86, but the '87 crop will be very small as it was severely damaged by winter frosts.

Burgenland, the smallest federal state apart from the Vorarlberg, *produces* a good third *of* Austria's wines from an extensive list of grape varieties. This includes the Grüne-Veltliner, Welschries*ling, Neuberger and Weissburgunder* (Pinot Blanc) whites, and the reds which include Blaufränkisch, St Laurent (exclusively Austrian now) and Zweigelt *—the last of which is developed* by Dr Zweigett of Klosterneuburg, and is a soft, deep-coloured, early maturing wine.

As they are affected by Hungarian *weather conditions and the humidity* of the large, very shallow Neusiedlersee, Burgenland wines are quite different in style from those made elsewhere in *Austria, for example* the Grüne Vetliner is more full-bodied.

Most of the wines—about 80 per cent —are white, and the reds are mainly *produced in the south.* The northern wine capital is Eisenstadt, home of Haydn and the Esterhazys, but the wine growing centre is Rust. From here come the *wonderfully luscious wines which* rely upon the botrytis infection derived from the lakeland humidity.

Beerenauslese is generally made once *in every three years and* Trockenbeerenauslese once in five years. At the 1985 Vinexpo in Bordeaux, Johannes Holler of Rust was the *victor ludorum,* who beat every other wine-maker with his 1981 Weissburgunder Trockenbeerenauslese, a delicious, golden-coloured, concentrated wine of which he made no less than 4,000 litres.

This wine was of the type which had featured in the wine scandal. There had *been extensive planting of vineyards on* the side of the Neusiedlersee, known as the Seewinkel, particularly around Illmitz and ApetLon, but with little demand for the wines within Austria. When sales became a problem in 1969, and a price problem developed with the arrival of the German brokers in 1977, die-ethylene was added to inferior wines to make the dry ones rounder, the sweet ones richer. After the scandal, the Ruster appellation, like the Gumpoldskirchner, was withdrawn from Rust's neighbours and restricted to the town's district.

No doubt the scandal has inhibited the export of these *luscious* Burgenland wines, but the ultra-strict Austrian wine law regulations ensure that no one should be afraid of drinking them. A particularly delicious one that I sampled was a 1984 Neuberger Eiswein, made from grapes picked on New Year's Day, 1985, by Anton Kollwentz in a small village near Rust.

Burgenland does not only make sweet wines. I sampled a wide range of dry but *fairly full-bodied* wines from the Sauvignon Blanc, Weissburgunder, Riesling, Welschriesling, and Gewurtztraminer whites; and even a Chardonnay from Gesellmann of Deutschkreuz, who, like some other Austrian growers, was experimenting with new oak barriques from France. In that region of Mittelburgenland the best Austrian red wines are produced from *Blaufränkisch* and Blauburgunder (Pinot Noir) grapes. (The British importers of Burgenland are H. Augustin UK Ltd of London House, 271-273 King Street, London W6.)

Worth a visit is the big St Martinus co-operative at Donnerskirchen near the northern edge of the Neusiedlersee, with a very large "heurige" (wines from this year) restaurant. Every year at the end of August there is a wine festival at Eisenstadt where a great variety of Burgenland wines are shown. Growers submit five bottles of each wine entered. One bottle is analysed, one tasted and the other two are placed in a vinothèque. The vintages from 1963 to 1980 are housed in Eisenstadt, and the more recent ones in a large cellar in Siegersdorf—here you will also find the large merchant firm of Klosterkeller—whose export trade fell from nearly half its turnover to 20 per cent, as a result of being wrongly implicated in the scandal.

Styria only accounts for 4.5 per cent (2,600 ha) of Austria's vineyards. It is amazing that most of the vineyards exist at all, however; they are on formidably steep land in the most beautiful low-mountain country that touches *Yugoslavia. The valleys are* lined with forests, the middle slopes with orchards, and on top are the vineyards. Styrian wines have a flowery nose, are very dry and *light in alcohol, often* slightly austere.

It is not red wine country, and the most frequently planted grape is the Welschriesling. Concealed under the local name of Morillon there is even some Chardonnay. Styria's most famous wine within Austria is Schilcher, a rosé, mostly grown in the west, and very popular in Graz. To drink Styrian wine one has to visit the region, for 90 per cent *of* it is *drunk* in the state, and 70 per cent of this is sold direct to consumers.

Kitzeck to the west of Graz claims to be the highest wine-growing *village* in Europe, and its highest vineyard is 680 metres (2,231 feet) above sea level. Has it any competitors elsewhere?

Edmund Penning-Rowsell

Viet volte face

PORTRAIT OF THE ENEMY: THE VIETNAM WAR FROM THE OTHER SIDE
By David Chanoff and *Doan Van Toai. I. B. Tauris.* £14.95, 240 pages.

AMERICA HAS never really heard the story of the other side of the Vietnam War. Portrait of the Enemy attempts to tell that story, by interviewing some of the thousands of Vietnamese who fought against the US, but later came to America after finding they could not endure the government they helped sustain in power.

This said, the accounts are *compelling. And it is* worth remembering that refugee accounts of China, Eastern Europe, and the Soviet Union *have largely been confirmed* as accurate when other, more direct sources of information have become available.

The accounts show that far from being a monolithic, steeled enemy, the forces that toppled the South Vietnamese Government were split by regional conflict, depressed and demoralised over what appeared certain victory by more powerful US forces, and angered over the inhumanity and inflexibility of their own leaders.

The career of Xuan Vu, whose fame grew as a combat reporter and later a novelist, illustrates in wonderfully graphic detail the problem for an individual. His career was established *during the late* 1940s, when he travelled with the resistance forces and wrote freely about their operations in southern Vietnam.

Yet after the 1954 Geneva accord that split Vietnam in two, Vu chose to *go* north to continue the revolution, and found all source of inspiration had dried as he came under the *rigid* strictures of the austere Hanoi government.

"I couldn't for the life of me see that any noble human motives were transcending all this grimness. Ho had invited everyone North with these great *gestures of welcome.* The Southern resistance fighters who went expected to be treated like heroes."

Instead they found themselves tilling barren soil, next to an abandoned village where the farmers had fled south in search of a better life. Vu was denied any opportunity to return south until the war heated up in the late 1960s. Then he grew feverish marching down the Ho Chi Minh trail, and was left for dead by his comrades. His great novel, The Endless Road, the one he planned since his journey north 15 years earlier, was written in Saigon after he gave up the fight.

The war for Vietnam, of course, was not won by writers who grew disillusioned and defected to the other side. Trinh Duc fought for over 35 years, including 10 years of torture in a South Vietnamese jail, before *reaping his victory.* It is a tale of immense personal suffering, of incredible will power, and of hatred for *the French, the US and the* South Vietnamese governments.

Yet Duc is Sino-Vietnamese, and as *China's relations with* Vietnam deteriorated after the war, Duc found himself, and his friends, increasingly isolated and in political danger.

Portrait of the Enemy is not especially well written, yet this is an odd strength of the book. The simplicity and lack of gloss on a collection of individual tales about Vietnam gives them *power and credibility.*

While the book is a story about the past, it is also, perhaps more importantly, a story about the present. The harsh ways of the North Vietnamese rulers succeeded in winning a war against all odds.

Steven Butler

• BOOKS •

Anthony Curtis on a life spent in search of performance

Beyond our Ken

Witty trio: Groucho Marx, S. J. Perelman and Kenneth Tynan

THE LIFE OF KENNETH TYNAN
by Kathleen Tynan.
Weidenfeld & Nicolson, £16.95.
466 pages

THAT GOLDEN age in our theatre which began at the end of the Second World War, and saw the postwar acting triumphs of Olivier, Gielgud, Guinness, Scofield, found its ideal chronicler in Kenneth Tynan. As we read him then, we sensed he was, so to speak, of the blood royal, the latest in a line that reached back through Agate to Shaw and Beerbohm, to G. H. Lewes, to Hazlitt and Leigh Hunt. The years that have passed since Tynan's death in 1980 have done nothing to alter that view. The only question remaining is whether or not Tynan was the last of that particular line.

Tynan had ceased to write as a drama critic long before he died. We learn from this biography that he continued to jot down thoughts on the drama in a journal he kept and which has not yet been published. The great turning-point of his career was in 1963 when he became Olivier's literary manager at the National Theatre, not yet housed in its concrete home on the South Bank, and still as a concept very much in the melting-pot.

Tynan had a lot on his mind. He was between marriages as well as jobs. The reasons for his career-change were complex and Kathleen Tynan goes into them here in detail. If we regret his loss to journalism when he still had more than a decade of good work in him at least we understand his decision much better.

By then he had become international in his scope and fame. The rapidity of his acceptance in America was remarkable. William Shawn the editor of the New Yorker took a risk in appointing Tynan when Wolcott Gibbs died suddenly. I happened to be in New York then and I remember the undertow of hostility to the notion of the job going to an English critic. Sam Behrman, the playwright and theatrical elder statesman to the magazine, even asked me a little apprehensively what I thought of Tynan. But the English critic's first few pieces effectively silenced the opposition. Former doubters soon became firm fans.

Once he was back in London and released from the shackles of weekly criticism, Tynan worked hard to get the National Theatre, for which he had campaigned so zealously, off the ground. Whatever scrapes it may have got itself into since, would it have come about at all without his efforts as a propagandist? For those who are hooked on theatrical politics his relations with Olivier are worth a book to themselves. It was Tynan's insistence on putting on Hoccuth's anti-Curchillian play The Soldiers that was the point of no return. As the biography shows, if ever there was a hiding for nothing it was Tynan's championing of that tiresome play.

After that everything seemed to go wrong for Tynan. He became more and more boringly political. Here his judgment was much less secure than among the feigned realities of the theatre or the cruel pageantry of the bull-ring. He inflicted Brecht on us, and in his indefatigable search for new ways to disconcert he put his might behind a no-holds-barred campaign for the depiction of sex onstage, leading him to the excesses of Oh Calcutta! and Carte Blanche.

Here is painful reading particularly for someone whose youth was considerably enlivened by Tynan and his works. He became disaffected from his second wife. He indulged in sordid sado-masochistic sexual escapades with other women while a chronic sufferer from the worsening emphysema (deterioration of the lung) that eventually killed him.

Even so, one cannot but admire his courage and receptiveness which remained unimpaired till the end. His profile of the silent movie actress Louise Brooks, written the year before he died, has more than a glimmer of the old magic.

Kathleen Tynan admits that it is an "odd business" to turn sleuth on one's husband but it is a path she "zealously wanted to pursue." Her zeal has led her to interview all his former women friends, and if one is stunned by the extent of his don juanism it is matched by the thoroughness of her research. In the event the book is too long and too full of trivia but it nonetheless charts a chapter in the history of contemporary taste and attitudes that is of great fascination.

It is also good on Tynan's background and schoolboy years. He was the natural son of Sir Peter Peacock by Rose Tynan. He said he never knew this until his father's death, but Mrs Tynan thinks he might have unconsciously suppressed the knowledge. Continuing this analysis I would suggest he was a classic oedipal case. He neglected his mother after he was famous and found later substitutes in Deitrich and Louise Brooks; the father substitutes were C. S. Lewis (whose tutorial relations with Tynan were not nearly so harmonious as Mrs Tynan has been led to believe), Orson Welles and finally Olivier.

Seattle to Vassar

HOW I GREW
by Mary McCarthy.
Weidenfeld & Nicolson.
£14.95, 278 pages

"FRIENDSHIP" Mary McCarthy states near the beginning of this story of her early life, "is essential to intellectuals. It is probably the growth hormone the mind requires as it begins its activity of producing and exchanging ideas. You can date the evolving life of a mind, like the age of a tree, by the rings of friendship formed by the expanding central trunk. In the course of my history, not love or marriage so much as friendship has promoted growth."

To readers of McCarthy's fiction this will come as little surprise. But here it is written in the context of herself as a 13-year-old schoolgirl who is peculiarly friendless. This marks the low moment of her childhood, the 1925 divide after which she was "born as a mind" or, in other words, entered the Annie Wright Seminary.

This is a story told without emotion—except such as jumps up suddenly to surprise its clear-eyed author—which makes the facts of her childhood all the more distressing.

McCarthy and her three brothers and sisters, born into a loving Catholic family, were orphaned in the great flu epidemic of 1919 and were transferred into the hands of "the aunts" and "the horrible Uncle Myers." Horrible indeed. Here Catholicism was used as an excuse to squeeze all joy out of life and the precocious Mary was beaten with a razor-strop for having won a prize in a city-wide essay competition —to keep her from becoming stuck up.

Escape to Protestant grandparents in Seattle and, even more important, a stimulating educational environment — enough to make Vassar possible at any rate — came in time for intellectual re-birth but not perhaps for a total healing of the emotional injuries. In later years McCarthy used fiction and comedy to rid herself of Uncle Myers—"Laughter is the great antidote for self-pity" — but confesses that the effect was a drying-out of the feeling. "There is no dampness in my emotions, and some moisture, I think, is needed to produce the deeper, the tragic notes."

Chapter Three is apparently a good illustration of her point. Here she describes with no sense of drama on her side but a writer's knowledge that it will seem so to others, the loss of her virginity at the age of 14. It was an unsatisfactory event, looked forward to in romantic vein and conducted in strictly practical way. It took place in the front seat of a Marmon roadster and the gentleman's name was Forrest Crosby. He was so helpful with his explanations of the male anatomy and his demonstration of his "Merry Widow" precaution, the best on the market, that Ms McCarthy notes he would have made a good parent.

Unfortunately, he not only signed his letters "Hasta la Vista" (bad taste) but showed a Don Juan-like reluctance to repeat their union (bad behaviour). Mary McCarthy sums up the whole episode: "At least it dampened my curiosity about sex and left me free to think about other things." Nevertheless it is a brilliantly written set-piece which manages to combine comedy, history (1920 mores) and, despite the author's will, pathos.

With sex temporarily off the agenda, we are given a great many school-teachers, the brave guardians of Ms McCarthy's formidable intellect and, of course, friends. There is an unalterable rule that old teachers, given all the creative characterisation in the writer's memory bank, seldom have much interest for those who didn't spend hours and even years in their classroom. Doubtless Miss Preston, the principal of Annie Wright's was a great and good woman — she certainly looks it in her photograph — but her interest for the reader is minimal.

Her sister is more fun, the vulgar Mrs Blanche Johnston of "the jiggling earrings and the cleft too visible in her flouncy chiffon neckline." Ms McCarthy is always most inspired when writing about the awful. She is most informative on the subject of class differences and most introspective when tackling the place of the Jew in American pre-war society. She herself had a Jewish grandmother.

Vassar introduces a new compelling character. Harold Johnsrud was an actor, playing the "Red Cross Knight" when first seen; he had a broken nose, a tapering waist and a balding head. Mary McCarthy fell hopelessly in love and only discovered that she had fallen hopelessly out of love (once, he made her cry for an entire week) on their wedding night. So ends this first volume. The end of youth but more important, the end of formal education. Books play as important a part as people, and Mary McCarthy's own early writing — usually about weary-eyed prostitutes, is produced with the most scathing of comments.

Edmund Wilson plays a walk-on part as the lecturer at Vassar whose stutter made 21 syllables out of "totalitarianism." Although that particular phonetic achievement comes at a later date, to be recalled perhaps in volume two? At Vassar he was merely "heavy, puffy, nervous . . ." Mary McCarthy writes always with a sense of the layering process of life, of the "rings in the tree." By a discriminate jumping of rings, she avoids the autobiographical dullness of chronology and gives the effect of a long essay in self-discovery. Strangely the rings of friendship, the "growth hormone," possibly because already transmuted into the fairy gold of fiction, have here least impact. On the other hand, Forrest, Johnsrud and Kenneth Callahan (a lesser lover: "he bored me; he was weak; he lisped slightly . . .") are fascinating and memorable studies.

Rachel Billington

Secret squadron

THE MOONLIGHT WAR: THE STORY OF CLANDESTINE OPERATIONS IN SOUTH-EAST ASIA 1944-45
by Terence O'Brien. Collins,
£12.95. 363 pages

TERENCE O'BRIEN's account of his adventures as flight commander of a Special Duty squadron operating in south-east Asia during the Second World War will bring satisfaction to many who still find relatively little memoir material on the war against the Japanese. O'Brien, an Australian who volunteered for service with the RAF, had a rough war, completing two tours of operations over Europe before returning to the east, surviving the Singapore debacle, joining Wingate's forces and landing behind the Japanese lines as the leader of a Gurkha group. He has already written a riveting account of these experiences in Out of the Blue: a Pilot with the Chindits. This memoir, based on the same wartime exercise books, takes up the story in 1944 when O'Brien took charge of a Dakota flight based at Jassore which serviced the various clandestine forces operating in Burma, Siam, Indo-China and northern Malaya.

The crews of the Dakotas and Liberators of 357 Squadron dropped special agents, equipment, pamphlets and dummy packages designed either to assist native resistance movements or to mislead and deceive the enemy. O'Brien is a natural writer. He has an eye for the small detail of a tree or a flower and for the vast land and seascapes over which he flew. But, above all, his description of the actual experience of flying must rank with some of the very best writing of its kind. He has an uncanny ability to convey the feelings of those who fly and those who parachute and those who wait on the ground for men and supplies which makes this a compelling book to read.

It is well known that many of the clandestine operations in these areas were of doubtful utility. Though primarily O'Brien's personal story (the sub-title is somewhat misleading), the book illustrates all too clearly why so many missions failed at a scandalous cost of life and resources. There were constant conflicts and disputes between the different British clandestine services operating in south-east Asia, especially between the Inter-Services Liaison Department (the Indian equivalent of MI6 known for its unwillingness to co-operate with anyone) and Force 136 (the SOE organisation in India) even to the point of being unwilling to share the same plane.

Two aircraft had to be sent to two different drop zones to accommodate teams in geographically adjacent areas who more often than not would work in isolation from each other. The ingenious but often over-elaborate schemes of deception hatched by Peter Fleming, head of D division, had to be carried out by over-extended air crews rightly dubious about their value. Though O'Brien's squadron dropped American OSS men into Malaya, his account makes clear that there was a minimum of co-operation between the two allies. OSS in Burma and Siam were explicitly instructed not to associate with Force 136. O'Brien's most critical comments are reserved for General Wedemeyer, who in carrying out the rigidly anti-Gaullist policies of the American government, would give no help at all to the French resistance movement in Indo-China. This meant that British planes assisting the French were denied the use of American bases in China and had to fly a thousand instead of a hundred miles to reach their targets. There is a certain irony in the fact that the Americans did drop arms to an anti-French group in Indo-China controlled by one Ho Chi Minh. There was more than one war going on in south-east Asia.

O'Brien has checked his own records against documents in the public domain; like many informed researchers, he had found a good deal in the files over-looked by governmnet weeders. He has used these to good effect to provide the reader with some of the political background needed to understand his critical picture of so many of the operations with which he was associated. His book is dedicated to Colin Mackenzie the former head of Force 136, whose battles against Whitehall sensibilities about co-operation with anti-colonialists and communists, as well as his struggles against military indifference and bureaucratic in-fighting made a natural hero to those like O'Brien intimately involved in the Japanese war. This book underlines what a ruthless and cruel enemy this was. It is a record of one man's participation in that war. O'Brien was obviously a master airman; he is also a first rate story-teller.

Zara Steiner

Ancient soil

OLD YORKSHIRE
by Richard Muir, Michael Joseph. £14.95, 250 pages

A NATIVE Yorkshireman, Richard Muir has written a history of his homeland which brings the country alive for his readers. As a child the author loved the robust beauty of the landscape, and now he has returned to his roots to rediscover and record its rugged curiosities. The story goes back some 3m years to the time of great earth movements, when mountains were made, and rivers carved their courses. Each geological era has a place in this book.

It is a story not only of the terrain but of its people too. Some descend from Celtic settlers, some from Roman Conquerors, or Dark Age invaders, while others owe their roots to the people of Bronze Age, Neolithic of Mesolithic Yorkshire. The book explores surviving barrows, henges and monuments as the story of Yorkshire unfolds. We follow winding lanes dating back to the Iron Age, visit old market towns, and call at the charming villages with which Yorkshire is richly endowed. Richard Muir explains their origns and tells us how they developed. Under his guidance we can reconstruct the broken and empty monastic shells, and wonders at the range of castles which the country boasts. Great churches of course are also there to be admired, notably the minsters at York, Ripon and Beverley.

Though he traces the mark man has made through the ages, he shows us that there are still magnificent expanses of untouched countryside bedecked with wild flowers, vibrant with birds, animals and insects. Indeed, the book leaves me with the sense that Old Yorkshire is alive and beckons.

Lucinda de la Rue

Fiction: the selection includes works, by Achebe and Moore, on Booker List

African tyrant

ANTHILLS OF THE SAVANNAH
by Chinua Achebe. Heinemann.
£10.95, 233 pages

IN THIS, his first novel for 20 years, Chinua Achebe has fulfilled his promise—which is like saying that Verdi fulfilled his promise in Falstaff. Because Achebe produced at least two, if not three masterpieces before he was 40: Things Fall Apart and Arrow of God tell of Nigerian (and specifically Ibo) society in transition, at the point where European pestle met African mortar and started to grind the spicy mixture which is Achebe's subject today. The traditional morality and superstitions of villagers and their haughty incomprehension of the changes which are affecting them are told in the most resonant, allusive and moving prose, which alternates the depths of folk wisdom with flying, ironic wit.

In No Longer at Ease, Achebe came, as it were, into town, telling the story of a young, western-educated man forced into conflict with the law because of opposing demands of tribal and emotional loyalty. A Man of the People, published in 1966, was prophetic in its portrayal of the corruption and power hunger of the new breed of post-independence politicians. Since then, things went from bad to worse in Africa, and Achebe wrote no more novels. Now he has triumphantly re-emerged with what is probably the most important book out of Africa this year.

Anthills of the Savannah is not only the story of an arrogant, ignorant, corrupt young head of state, opposed only by his two oldest friends, whom he pursues and crushes with all the force of the modern police state in a highly exciting political thriller, but is also an extended meditation on the way forward for a new African society, told with all Achebe's story-teller's arsenal of myth, thriller, folk-talk and sheer mastery of plot.

What is the right way forward for decent men to build a decent society which might combine the best of the old and the new worlds? A big question which Achebe treats on one level in a cleverly plotted, exciting and acute thriller. No one who has ever looked down the barrel of a nonchalant machine-gun at an African road block will fail to respond to the sinister, random terror which this book invokes. The density of detail, more pressured and spare than the leisurely skill of the portrayals of village life in the earlier novels; the stench, the traffic jams, the chaining of doors at night against casual violence are familiar to all who love and hate the new Africa.

There is also more than a hint of the "That's Africa, baby" cynicism ("he smiled profusely like an Air Kangan passenger who has achieved a boarding card . . .") which is no longer confined to visiting journalists. But, in addition, bedded into this lively and skilful narrative, there is a depth of feeling, vision and concern which show up more popular practitioners of the form for the kindergarten they are. Eat your heart out, Forsyth . . .

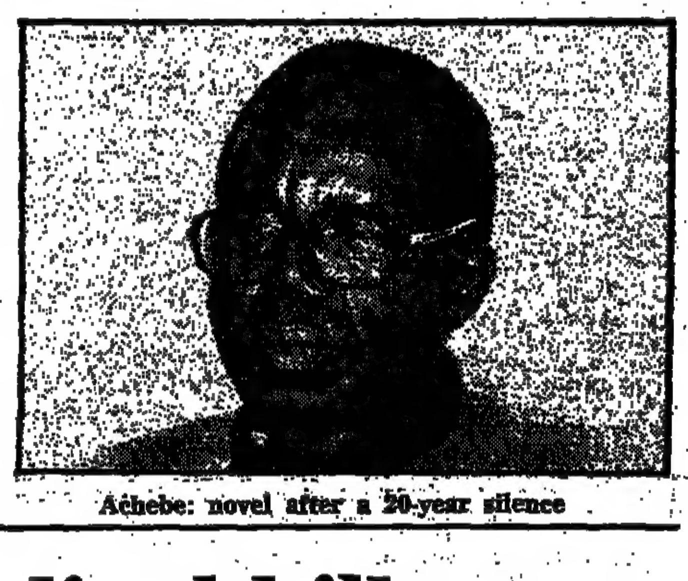
We are dealing here with real tragedy. In the earlier books the classic tragic device of misunderstanding and mistake occurred when black and white men failed to understand each other's codes. Okwonko in Things Fall Apart died because of a violent act of rash honour; Ezeulu in Arrow of God crossed the D.C. because he could not read the white man's omens, only his own. But here things are far more serious: the head of state, Sam, lost between Sandhurst and the savannah, totally fails to comprehend the upright honesty of an old Abazon leader who comes to town to plead for water pipelines for his drought-stricken region, and sees revolt where only righteous indignation exists.

The old man's peroration is a central pivot of the book, expressing old virtues and old morality; his fable of the tortoise and the leopard is straight out of earlier Achebe, but as Ikem, Sam's old editor friend, observes later in a parallel and equally important speech to students, after the old man has been detained: "story-tellers are a threat. They threaten all champions of control, they frighten ursurpers of the right-to-freedom of the human spirit —in state, in church, or mosque, in party congress, in the university or wherever . . ." The roadblocks are not yet outside the BBC but we do not have to look as far as Africa to see the truth in that. Achebe is telling us all where oppression and corruption can lead.

The seductive charisma of power and wealth prefigured in the portrait of Chief Nanga in Man of the People is here embodied in Sam, the Sandhurst dictator, whereas his old friend Ikem, who tries to live modestly and keep in touch with the people, is roundly abused in another crucial scene by two taxi-drivers and his girl-friend. Afterwards, he meditates on this paradox: "an insistence by the oppressed that his oppression be performed in style. What half-way measures could hope to cure that?"

This is the kind of problem which Achebe confronts, using his absolute command of many modes. Somehow he fuses modern techniques with age-old mythical structures to bring a quiet and humane resolution. Ikem is killed, his girl-friend is left with child, protected by another liberated, educated African woman who takes on the role of protective goddess. In a powerful fusion of myth, legend and modern styles, Achebe has written a book which is wise, exciting and essential, a powerful antidote to the cynical commentators from "overseas" who see nothing ever new out of Africa.

Mary Hope



Achebe: novel after a 20-year silence

Cardinal killers

THE COLOUR OF BLOOD
by Brian Moore.
Jonathan Cape. £10.95,
182 pages

THE NEW CONFESSIONS
by William Boyd.
Hamish Hamilton. £11.95,
462 pages

BLACKEYES
by Dennis Potter.
Faber & Faber. £8.95,
184 pages

THE GOOSEBOY
by A. L. Barker.
Hutchinson. £9.95, 151 pages

THE SADNESS OF WITCHES
by Janice Elliott.
Hodder & Stoughton.
£10.95, 192 pages

THERE IS something positively Hitchcockian about Brian Moore's latest thriller, The Colour of Blood. It is set in an unnamed Iron Curtain country, obviously Poland, and features cardinals, priests and secret policemen, all of whom are at loggerheads with each other, none of whom are what they appear to be on the surface.

The story opens with an assassination attempt on Cardinal Bem, the country's Primate. He survives, but is immediately hustled into protective custody by the secret police, fearful that he might be killed before he has a chance to speak out on Martyrs' Day against a projected national uprising.

His captors all wear dirty raincoats, yet behave very oddly for policemen. Are they in fact police, or has he been kidnapped by an unknown third party? Can he trust the nun sent to help him and the priest who speaks Latin? Will he escape in time to deliver his address at the Martyrs' Day ceremony?

It is a well worked genre, but impeccably planned and executed, a real page-turner right up to the end of the book —indeed to the very last sentence. Mr Moore is a highly professional writer who knows a thing or two about suspense, and climaxes.

William Boyd's The New Confessions is a modern version of the life of Jean-Jacques Rousseau, as seen through the eyes and career of John James Todd, a Scots film-maker born at the turn of the century. It gets off to a slow start with the narrator's Scottish childhood, but livens up thereafter with the First World War, in which he serves first as an ordinary soldier (Not Officer Material), in a Public Schools battalion, later as a film cameraman almost court martialled for recording the reality of war rather than the myth.

He is introduced to the Confessions of Rousseau by a German prison guard, who asks for a kiss in exchange. After the Armistice he goes into the film business and becomes a successful film director in England, Germany and, later, Hollywood. He marries, divorces, sleeps with film stars, fights the money men and cherishes always the prospect of bringing Rousseau—whose life has so often paralleled his own—to the big screen as his magnum opus. Senator McCarthy almost destroys him as does an entry in a film encyclopedia to the effect that he died in 1960, but he survives to enjoy a triumphant old age in a Mediterranean villa, where he lusts after the maid and looks back ruefully over a career that has seen almost as many downs as ups.

This is an imaginative idea, narrated with the author's customary exuberance and attention to detail, and with some often quite remarkable evocations of time and place. His grasp of military matters is a bit shaky, but he writes otherwise very convincingly about the past, almost as if he had been there himself. It's a very full book, too, never short of ideas, a tribute, if nothing else, to the author's considerable powers of invention.

Janice Elliott: people washed up together

Blackeyes, by Dennis Potter, is a literary thriller of a superior kind, and as such not for the simple-minded. The heroine is a beautiful model found dead one day in Kensington Gardens. She is also the heroine of a novel within a novel, the last work of a clapped-out writer, named Kingsley, who has based her closely on his own model neice Jessica. The more Jessica reads her uncle's novel, the more she recognises the parallels in her own life.

Indeed, the two are so intertwined that one is not always sure which is which. Both are promiscuous, both use men to advance their careers and get what they want. Kingsley meanwhile suddenly finds himself dragged from obscurity to be interviewed by young men from literary magazines, and to dance with delight when an old enemy — currently one of the Booker judges — unexpectedly drops dead.

These media creatures in fact—whether from the worlds of literature or advertising—are among the best things in the novel. Mr Potter has a sharp eye for human folly and demolishes his targets with gusto. The book as a whole though comes across as a little uneven. It is very well written, but the story within a story is always a difficult trick to pull off, and the intricate construction makes few concessions to the casual reader.

A. L. Barker's The Gooseboy is eccentrically constructed too, though not necessarily to its disadvantage. It opens in the south of France at the villa of an English film star, who lives behind high walls and is protected from his fans by a flock of belligerent geese. These in turn are tended by a deaf, dumb and physically deformed youth, the gooseboy of the title.

The film star takes off for Africa, and is visited in his absence by his twin sister, Dulcie, who has come to France in pursuit of her husband and his 17-year-old mistress. Finding her brother not at home, she strikes up an acquaintance instead with the gooseboy while sorting out her husband, who is already tired of his mistress and is longing to be reclaimed by his ebullient wife. She is a marvellous character, never at a loss for words, and carries the book all on her own.

Janice Elliott's The Sadness of Witches is about one witch in particular, a lonely recluse who lives in a Cornish fishing village, though she has a sister in Connecticut who raises earthquakes. Into her life comes Walter, failed leader of a sub Greenpeace movement, who has retreated from London with his wife and various inadequate hangers-on. Walter and the witch get it together, which is really only an excuse for Janice Elliott to introduce some very funny character sketches, acutely observed, just the sort of people one does meet in the seedier hotels along the British Riviera.

Nicholas Best

Euripides goes Japanese

Michael Coveney reports on the National's International Theatre season

Alastair Muir

Tokusaburo Arashi

THE NINAGAWA Company of Tokyo has followed last week's *Macbeth* in the Lyttelton with an equally spellbinding *Medea* in the Olivier. No-one could accuse the National Theatre of parochial introspection in a week when it has offered Londoners a play about 19th century Cornish miners and now this majestic rock Kabuki version of one of the world's greatest plays.

"Euripides in Japanese" proclaims the National's information travel-band above Waterloo Bridge. One of the most notable aspects of this triumphant international season organised for the NT by Thelma Holt is the doing away with all simultaneous translation. The full glottal roar of pain, anger and revenge bursts around our ears in a language well equipped to express emotional extremes.

The story is told with exact regard for Euripides, the prologue accompanied by what sounds like an Oriental Gilbert Becaud song. Corinth is a battered village wall straight out of a Kurosawa film. An all-male chorus, a platoon of 16 that operates in units of four, enters on two bisecting diagonals, strumming their grief on little mandolins that are continuously overwhelmed by a soundtrack of kitschy organ music, baroque jazz and a plangent adagio suspended somewhere between Samuel Barber and Handel

Traditional Japanese costume has been brilliantly adapted to a modern primitivist style. Medea is thus presented to us by a male actor, Tokusaburo Arashi, as a Kabuki predecessor of Gloria Swanson and Lindsay Kemp. The demonism of a rejected woman, discarded like a foreign souvenir by the man, Jason, for whom she has murdered her brother and betrayed her country, is expressed in her tense and furious burial of a revenging sabre in a downstage stone. She will extract it, Excalibur-like, to complete her task.

Above all, Yukio Ninagawa's production reminds us of Medea's exotic barbarity. Thus Arashi sports a vest of exposed artificial bosoms and is decorated in glittering, almost Polynesian, finery. These outer garments are ceremoniously removed for the blood-letting, the actor transformed to a slim violent red monk. At the Edinburgh Festival last year, Medea's departure in a dragon-drawn chariot was reportedly astounding in the open air of an old university courtyard. The effect is still impressive, the crane obscured in clouds of smoke and Arashi, high in the sky, achieving blood-curdling escape and apotheosis.

Last week's Macbeth, Masane Tsukayama, is a four-square Samurai Jason, the Creon of Ryunosuke Kaneda a tangerine ball of authoritarian wrath. When Medea traps Aegeus into her scheme, Arashi emits a skittish exhaltation of triumph. The sorceress either bewitches or bemuses these great warriors. Her ambivalent influence is seen in the actions and sounds of the Chorus, who can recoil in sleeve-flapping horror and reproach, or advance like a mobile wailing wall at the mention of infanticide.

The wielding of Kabuki traditions and Western mimetics and music has yielded a rich cross-fertilised culture. Seeing this all-male *Medea* in the same auditorium as Peter Hall's all-male *Oresteia* demonstrates an intriguing contrast: an ancient theatre embraces Hollywood lushness and colour while our own instincts in renovating the classics are puritanical, austere, bleached.

The NT's International season has hovered over the year, not vanished after a three-week festival. I am told that many of the audience for Peter Stein's Berlin Schaubuhne, Ingmar Bergman's Stockholm company, and the Ninagawa, have been new to the National. Thelma Holt has been in the building for every performance of the season and insists that there is a great untapped audience for foreign work, much larger than expected. Many customers she recognises from her international seasons at the Round House.

Every seat has been sold, with the exception of a few on General Election night for Bergman's *Hamlet*. Peter Hall's seats had been sold on Thursday night, so he stood at the back, as the director of Welsh National Opera had done a few nights before.

Hall's giving Holt her head has paid off magnificently. At a cost of £1.5m raised outside the building by Miss Holt, the National has at last gone excitingly international. It remains to be seen whether the Hall and Holt initiative will be taken up by the incoming partnership of Richard Eyre and David Aukin. It would be tragic, and short-sighted, if the new regime were not to follow Hall's example and give Miss Holt carte blanche for next year.

The last performance of *Medea* is tonight and our final visitors will be the Mayakovsky Company of Moscow at the end of next month.

Records

The Callas experience

MARIA CALLAS died on September 16, 1977. This month contained, therefore, the 10th anniversary of the exact date; but well before it there began to flow forth a gentle stream of anniversary-marking events, a stream that has now swelled into a flood.

From May to early June the Festival Hall gave house room to a Callas memorial exhibition (good photos rather dully presented and untidely captioned); the latest additions to the already vast number of Callas books have appeared; and last week, Channel 4 offered an abridged edition of her 1974 Japanese concerts with Giuseppe Di Stefano (toward the end of which we heard and saw flashes of the "old" Callas to console us for so much cautious, threadbare singing earlier).

For Christmas we are promised full-length biographical films on both BBC and ITV channels. Meanwhile, EMI, Callas's record company from 1953 until the close of her record-making days, has this year been reissuing, month by month, her complete opera sets and various recital collections on compact disc. In addition, critics have been circulated circulated with an EMI cassette of excerpts from the 1972-1972 Callas master-classes at theJuilliard—I understand that fuller amounts of these will be made available to the public in due course.

A few points are in order here. The first is that the tenth anniversary of *anything* is a factitious occasion. With the example of EMI's carefully orchestrated Callas re-release in mind, a cynic might be forgiven for suggesting that this event was devised purely for commercial reasons—that is, to sell a lot of Callas records and make a great deal of money.

Accompanying the invented anniversary one has witnessed, in greater quantity than ever, the oft-repeated hand-wringing over the singer's personal life, and particularly over her sad declining years. It is a slight worry that the intelligent, clear-minded newcomer to opera, faced with all the publicity frothings, gush, and hagiology, could be tempted to become wary of the artist herself.

Fortunately, the most significant part of the Callas legacy —the records—contain in themselves the instant antidote to any such suspicions; they are the justification for even the most spurious anniversary celebration. Not *all* the records, perhaps: while for the practised Callas-collector no snatch of her singing is wholly without value, I find myself wondering whether on certain items a sort of artistic health warning ought to be made compulsory: "These Callas records contain off-putting sounds, and should be taken in sparing doses by the uninitiated."

Such admonitory *labelling* would be particularly useful, for instance, on the CD set recently brought out by the French firm Rodolphe of a "pirate" *Traviata* (RPC 32431-2) given in Mexico City in June 1952. The sound is terrible; most of the singing is provincial, and only in Act 3 does the soprano even adumbrate the sublime Violetta she was later to become. Many years later, on the subject of these "unofficial" Mexican recordings, she advised Walter Legge: "Don't listen to them—they're awful! I was singing like a wildcat!". Not true, but one understands her embarrassment.

But in the face of the EMI complete operas, made in the '50s at La Scala and produced by Legge, I think gratitude the correct response to their reissue. Over the last fortnight I have been listening repeatedly to five of them — *Rigoletto*, *Un ballo in maschera*, *Aida*, *Turandot*, and *La Bohe'me* — in the marvellously improved sound of the CD transfers. All but the *Bohe'me* have been long familiar to me, long inscribed in memory and lodged to serve as the modern standard of Italian opera measurement. Returning to the four, and getting to know the one, has been an inspiring, surprising, moving, at times overwhelming experience.

Mary McCarthy once warned all intending writers on the subject of Venice that everything had already been said; and the Callas-reviewer, returning to her performances, fears that a similar stricture probably ought to apply here. Yet new facets, small no less that large, of the singer's greatness seem to demand new mention.

The vivifying eloquence of names on Callas's tongue (Gaultier Malde, for instance, or the Princese Lou-ling, each syllable pressed with significant colour and intensity, so that the unfolding of "Caro home" or "In questa reggia" takes on a kind of multiple imaginative function); the all-embracing maintenance of line, built on the precise absorption of perfectly understood smaller details (has any other soprano ever recognised so completely the purpose of Amelia's aria cadenzas, or of the move into triplets toward the end of *Aida's "Numi, pietà!"*?).

The comparisons and parallels that one constantly draws are with the musicianship of Schnabel, Toscanini, Furtwängler: after a while, the vagaries of tone and flawed emission of individual notes assume an appropriate place in the picture of a musician of recreative genius legitimately striving to achieve the superhuman. I would say that all five sets are essential acquisitions — and that the *Ballo*, *Aida*, and *Turandot* are the nonpareil versions of those operas (this is not, unfortunately, the place for proper eulogies of such superb Callas collaborators as Tullio Serafin, Tito Gobbi, Fedora Barbieri, or, at his best, Di Stefano).

Among the other recent EMI Callas issues three others claim notice. The first two are CD collections of Verdi arias: Vol. 1 (CDC7 47730-2) contains the three celebrated Lady Macbeth arias, (Vol. 2 CDC7 47943-2) some frail-sounding late-Callas items but also the blazing performances from *Aroldo* (among the very greatest Callas, I have no doubt) and an awesomely sensitive, inner-mind-revealing Desdemona. And on a disc (CDC7 49428-2) of previously unpublished material, half of it discovered from live concerts at Athens (1957) and Amsterdam (1959), most of it remarkably fine, the opening *Tristan* Liebestod (in Italian) is a glorious extension and development of the singer's artistic portrait on record. It is sung with darkly vibrant tone and the kind of densely Italianate portamento that Wagner, renowned admirer of great Italian singing, would have adored. In the revelation of this most genuinely erotic of all Wagnerian love-deaths on record, the Callas 10th anniversary finds its only authentic *raison d'être*.

Max Loppert

Theatre rises from the ashes

LAST WEDNESDAY Newcastle celebrated the 120th anniversary, to the day, of the opening of the Tyne Theatre and Opera House. Not one of the late Victorian mammoths of gilt and red plush, the auditorium has an intimacy that belies its 1,150 seats. The light blue and gilt scheme echoes the Edinburgh Lyceum, the small-scale ornateness recalls Bristol's Theatre Royal. Since rising from the ashes of a disastrous fire, the building has started a new chapter in a history that includes ice-skating, cinemas, pantomime, plays and opera.

Among its admirers are Placido Domingo, intrigued by the effortless acoustics ensured by the wooden interior. The shallow scallop-shell dome of the ceiling is cradled by curved planks. Luckily the safety-curtain confined the fire of Christmas Day 1985 to the back-stage area and two boxes. Two days later the back wall collapsed.

The rebuilding cost a mere £1.5m, a sum which the management proudly compares with the estimated £6m, now running to £8m, required for the refurbishment of Newcastle's Theatre Royal. The shrewd presence, as chairman, of a professional electrical contractor, kept the cost down, and the theatre's insurance company, Sun Alliance, donated an appreciative £25,000 in sponsorship to the current Focus on Youth series.

The theatre opened its doors on September 23 1867 with Boucicault. From the first there was a strong musical element, and the house saw the Newcastle premieres of *The Flying Dutchman*, *Carmen*, *Falstaff* and *Boheme*, besides the first English-language performance anywhere of Wolf-Ferrari's *Jewels of the Madonna*. The entire *Ring* appeared in 1913, posing no problems to a venue whose spectacular plays and pantomimes (with Vesta Tilley, George Robey and Harry Lauder) had featured horses and foxhounds, the 1884 Grand National winner taking real water-jumps, and the sinking of the Spanish Armada.

The water-tanks are still there, as the Victorian stage mechanics, all operated manually, for raising (not flying) scenery or lifting 48 chorus girls, complete with demon traps, cellar traps and a grave trap for Hamlet. And there is still the thunder-roll machine which dropped a cannon-ball on to a stage carpenter in 1887, thus providing the theatre with a ghost.

He has presumably seen Bernhardt's *Adrienne Lecouvreur*, *Lady of the Camellias* and *Tosca*. He has also heard Puccini's operatic version of *Sardou* when Mara Zampieri sang Tosca to Placido Domingo's Mario in 1983; and *Butterfly* the following year with Wakoh Shimada and Carlo Bergonzi.

Wednesday's gala drew support from Tyne Tees Television, Newcastle Building Society and Vickers Defence Systems. Sponshorship and property are the hopes for the future. The theatre has bought the whole block in which it stands, including a pub and a defunct Chinese restaurant. Already a number of smart small shops are on lease, among them one of the best fish and shellfish purveyors in town. Despite small grants this is a story of self-help that would warm the harassed cockles of the Arts Minister's heart. The chairman mortgaged his house as security for the bank loan, and future plans are geared to private enterprise rather than state subsidies.

Aspirations to make the house the northern base of the National Youth Theatre sum up the emphasis on youth. Another ambition is to make the theatre the launching pad for touring musical productions. The new bars are named after operas. Uncovered during the post-fire restoration were cartouches bearing the names of the great and good in an eclectic Victorian pantheon of the greats of the theatre: Shakespeare, Moliere, Goethe, Gilbert; Mozart, Wagner, Balfe, Sullivan. . . . The same omnivorous approach characterises the enthusiasts on today's management. Whether by Domingo, Sondheim or Gilbert and Sullivan, the spectral stage-carpenter may find his repose disturbed, with luck, for another century.

Martin Hoyle

Job rocking

Benjamin Zephaniah is a Rastafarian poet who added notoriety to his many achievements earlier this year when he was shortlisted for a creative artist-in-residency at Trinity, Cambridge. Since he is clearly a man who aims for the top it stands to reason that, having narrowly failed to infiltrate the university system, he should set his cap at another noble institution — opera.

But though *Job Rocking* at the Riverside Studios is billed as a "dub opera" it is strictly speaking more of a dub cantata using seven voices — no instrumentation, just the musicality inherent to Zephaniah's poetry — to create a picture of life as an unemployment statistic. In doing so he creates a genre of immense potential, which is only hinted at in this 80-minute show.

What we could have is characters defined by rhythms, the interraction of which provided the drama; what we actually have is a series of poems, some very witty, others staccato with anger, but all rather conventionally framed as poems, on subjects ranging from a traffic warden booking a Rolls-Royce, to an old man facing redundancy.

The hub of this poetry are the no-hopers who gather at a local job club, opened by an ambitious young manager as a sop to people he knows will never have anywhere else to go. There is Christine, who wants to be a footballer; Keith, who wants to be a fisherman, and Rocky ("I'm hard") who doesn't want to do anything at all except keep on drawing the dole.

Interestingly, for an artist whose work has become a flag for black consciousness, Zephaniah works here with a mixed company: Anna Furse and Charlie Hanson direct two white, one Asian and four Afro-Caribbean actors. To their credit they do not fall into cliché casting—the job club manager is played by one of the black actors, Roger Griffiths, who returns as a bowler-hatted Rolls driver, while the club secretary is a spikily frumpish Sakuntala Ramanee.

There is a problem, though, in the ability of most of them to maintain the momentum of poetry which demands the sort of vigour and style it only really gets from Victor Romero Evans. Whether as poor, aged Max keening "Laard, they make me redundant," or a visiting pop star, "cool in me glasses," he is in a class of his own.

Claire Armitstead

Obituary

Emlyn Williams

EMLYN WILLIAMS who died yesterday was one of the great theatrical all-rounders. He enjoyed enormous success as a playwright, an actor, an autobiographer and a solo performer. He made his name before th esecond world war in plays like *Night Must Fall*, macabre melodrama, which he both wrote and played the leading role, that of an evil-minded bell-boy in a seedy hotel who obtains demonic power over an elderly widow. Williams's performance in this part was totally mesmerising.

He came of humble Welsh background. His talents and great potential were discerned by a local schoolteacher who se him on the path that led him to Christ Church, Oxford, and entry via the OUD's and the Old Vic to Shaftesbury Avenue where his name was soon in lights.

However Williams never forgot the woma nwho had provided the early encouragement on which his career was founded. She figure first of all in *The Corn is Green* made into a highly successful film and later in his autobiography Geroge.

Although he usually appeared in his own wor khe did grace at least one play by his friend Terence Rattigan. An inspired piece of casting gave him the role of the defending counsel in *The Winslow Boy*, in which he excelled. After the war Williams's inspiration as a playwright seemed to dry up and he turned to the difficult art of the one-man show. He appeared in solo performances as Dickens and as the young Dylan Thomas, both of which pleased vast audiences in London and on Broadway. His appearance as "Saki" was less well received.

He had a particular interest in trying to understand what motivated the rejects and psychopaths in our society as well as those who had gifts of clairvoyance and extra-sensory perception. He had a horrified fascination with real life examples of the evil he had put on the stage such as the Moors Murder case.

He belonged to the tradition of the great theatrical spine-chillers for whom the script was merely a means to an end—that of terrifying the life out of the audience.

His plays have not been seen in the West End for some time, and it may well be that as a playwright he is due for a re-appraisal.

Anthony Curtis

Tall tales of religious obsessions

Radio

PATRIC DICKINSON'S study of Edward Fitzgerald, *A Live Sparrow* (Radio 3, Saturday), did not do much for Fitz. We had some biography, interspersed with quatrains from the Rugiayat read by Sean Barrett, and Alan Coveney being Swinburne with his first edition, and that was all about it.

"A live sparrow is better than a stuffed eagle," was Fitzgerald's comment on his translation of Omar; but he also said: "Few people have taken such pains in translation as I have." Exactly: the Rubiayat were not Fitzgerald's only translations by a long chalk. He did eight plays by the Spanish poet Calderon; he translated the Agamemnon a few years before the more-celebrated Browning Version; and there are two other Persian translations. We heard nothing of these, nor any critical assessment of the Rubaiyat translations.

I missed the first of Radio 4's Sunday Globe Theatre plays, which are "simulcast" (hateful word) on the World Servicv. Last Sunday we had *Payment as Pledged*, by the Brazilian Alfredo Diaz Gomez, a tale of politics and religion. Peasant Joe Burro was so grateful to Santa Barbara for healing his wounded donkey that he carried a heavy wooden cross 25 miles to lay before her altar. Alas, he confused the saint with the voodoo Yansan, so he received only a rebuff when he got to the church, and his subsequent mulishness led to rough support from the local comrades, and a fatal bullet from a policeman.

In a sentimental ending to an impressive picture of what western ideas do to backward people, Joe was carried into the church dead on his cross. James Aubery played Joe effectively if uncharacteristically, Susanna Dawson was his wife Rosa and John Moffatt the inflexible priest. Walter Acosta directed.

Perhaps fortuitously, though I would love to think not, later that evening Radio 4 gave the accidentally relevant *Politics of the Jungle*, about the destruction of the tropical rain-forests. At least 12m acres a year are being destroyed; there is no more forest in India or Bangladesh; it won't last more than 20 years in Nigeria or the Ivory coast. The programme's example was Sarawak, where the jungle people are actively resisting the timber people — whose work has to support the nation. Devised by David Attenborough, the programme was as picturesque as it was informative.

Radio 4's Saturday Night play was a black comedy by Mike Stott, *The Fancy Man*, said to be set in the Pennines in 1923, though the date is immaterial. Arthur (Pearce Quigley), one year married, devotes all his energies to cricket and football; when he makes love it is simply wham, bam, thank you, m'am, and we hear him at it.

His wife Amy (Julia Ford), seeking more romance, invents a chap whom she says she sees in her own time. Arthur's first reaction is to strangle her, but she survives that in spite of the doctor's unwillingness to make late calls. With the doctor's help, Amy shows Arthur what love ought to be like, so succesfully that the old lady next door complains of the noise they make all night. Naturally, Arthur's sporting abilities suffer, and in a far from romantic conclusion we hear the hiss of the gas as the two of them find their way out. Beautifully written, but comedy? Comic characters, comic situations, yet the atmosphere was distressing throughout. The director was Robert Cooper.

An unusual play on Radio 4 on Monday, too, Rose Tremain's *The Kite Flyer*, about a religious obsession. As a little boy, Anthony (Joe Melia) had a revelation. He thought God came down the string of his kite and entered him, body and soul. As a middle-aged parson, he believes that God is abandoning him, and he links this with his wife Olivia's new interest in a local "martyr," Anna of Didsmill.

Despite good playing by Joe Melia and Rosemary Leach, I found it hard to believe in those two fantastic characters. I suspect Miss Tremain did, too, for she has added a narrator and an interview with a psychiatrist to the action to make the argument clearer. Penny Gold was the able director.

B. A. Young

CHESS SOLUTION

Chess No. 690 1 Q-N6. If PxQ; 2 BxB, or if BxB; 2 QxP, or if KxR; 2 Q-K3, or if K-Q3; 2 Q-B5, or if N moves; 2 Q-Q4, or if QB moves; 2 Q-KB6.

Village cricket/Philip Coggan

First class style may be absent but enthusiasm certainly isn't

Play up, and lose the game

DRIVING RAIN had long since soaked me to the skin and my plimsolls had more leaks than the Secret Service. Finally, the basman swung across the line and the ball skied invitingly in my direction. I dived to catch it, slithering through the mud with all the grace of a pregnant hippo, missed completely, and found a large American under an umbrella gazing sadly down at me. "Lord," he said. "How did you British ever build an empire?"

If cricket is the quintessential English sport, then visiting tourists need look no further for a guide to the national character than the village cricket match. Citizens of all ages, races, sizes and shapes are dragooned into service by eager captains who, by time-honoured custom, are always *two short* on Saturday morning.

Village cricket might not pay as well as the first-class version but it lacks nothing in enthusiasm. The county circuit has packed up for the winter but our team, the Utopers, soldiers on into October, amid fading light and falling leaves.

The name of the team is designed to suggest the combination of Elysian fields and heavy drinking, and betrays a less than serious approach. The batsman who wore a helmet against us this season must have left the field feeling pretty *foolish*—our secret weapon is not some burly fast bowler but a cunning left-armer, Clifford. His deliveries meander through the air like a hovering bird before dipping suddenly, as if in the hope of catching a rabbit. On pitching at a point somewhere in the vicinity of the wicket, the ball then turns sharply.

Batsmen react in two ways. They either stand transfixed, feet set in concrete, and make a despairing jab when the ball lands or, manhood affronted by the gentleness of the delivery, take an almighty heave in an effort to smash the ball into the next county. Either way, there is a chance of a dismissal.

The clash of slow bowler and big hitter is part of the noble traditions of the game although, sadly, not every element of village cricket is for the purists. During one match, distracted by a hissing sound as I took guard at the crease, I turned round to find *first slip relieving* himself against the stumps.

Later in the game, having recovered my *composure*, I was able to take my revenge on the same fielder, who had placed a discarded lager can by his feet at mid-off. A carefully-aimed drive hit the can and under Law 41.1, I was awarded five runs.

Such a stratagem, unheard-of at Lord's, is the very heart and sinew of village cricket. When, in one game, there was a dispute over whether the ball had crossed the boundary, Graham, one of the team's stalwarts and the fielder nearest the ball, stuck out his chin and settled the argument. "I, sir," he said, "am a lawyer." No four was signalled.

In these days of gentrification, lawyers, stockbrokers and accountants are as much part of the village scene as the traditional rural occupations. But while the beefy blacksmith might be no more, there are plenty of farmers still wielding the willow. Indeed, one jolly *farmer at Micheldever*, in Hampshire, who can charitably be described as rotund, wears a device to keep up his trousers which looks complicated enough to restore faith in the ingenuity of British engineering.

Despite the powerful influence of city life, most villages have retained enough individuality to add intrigue to each new fixture. The delightfully-named Britwell Salome had an attack led, appropriately enough, by a young fast bowler who threatened to take off our heads with each delivery.

At Marsh Baldon, where the Utopers take on South Oxfordshire Farmers, fielders need to be especially alert—a busy road runs inside the ground. If the ball gets past the infield, they have to look both ways before chasing it to the boundary.

Local knowledge also helps at Swyncombe, where once our batsmen were disconcerted when the opposition suddenly and *inexplicably sprinted* off the field. A minute later, it started to pour with rain. "You can hear the rain when it hits those trees," explained a sagacious rural, pointing to a distant thicket.

Swyncombe as a club neatly ilustrates the bizarre nature of English logic. The team plays not at Swyncombe but at Cookley Green and, in fact, is comprised largely of people from *Nettlebed*, a village two miles away Wherever they come from, they can certainly play—last *season*, one batsman scored a hundred in 36 balls off our bowling, including 11 sixes. In the end, we stationed some of the opposition in the field beyond long-on to save time looking for the ball.

Defeat is nothing new for the Utopers and is treated in a philosophical spirit—last week, after all, we lost only because we lent the opposition the 11-year-old son of our captain.

Nevertheless, there are one or two occasions when a certain competitive edge creeps into our play. At Moulsford, the pitch had either been prepared by a vengeful fast bowler or the Trent Bridge groundsman, since every other ball shot along the ground at alarming speed. Thus, it was slightly irritating when the opposing captain said, after each dismissal: "*The pitch is all right if you play straight*." When Moulsford batted, there was a distinct cheer *when the skipper* was bowled second ball.

Still, by the end of the day *the true Utopers' ethic* had been upheld. We lost

Soccer/Jason Steger

Aldershot can only improve

NOT MANY football fans will be surprised to see Aldershot hovering two points from the bottom of England's third division. The club is one of those struggling in the lower reaches of the Barclays League, hoping to make ends meet on dwindling gates and perennially disappointing even the most loyal supporters.

This season is different, though For a start, the club IS in the third division — thanks to the introduction last season of a system of play-offs designed by the Football League to reduce the size of the first and second divisions. Second under chairman Colin Hancock they have entered a substantial loan agreement with the local authority *to finance extensive ground* improvements and also are searching for City money to *support an ambitious development* programme.

Despite finishing sixth in Division Four, nine points behind fourth-placed Wolverhampton, Aldershot took full advantage of the new set-up and beat Wolves and Bolton Wanderers to clinch promotion —something that some would argue made a mockery of the play-off system. But there has been no such thing as a honeymoon period: their first home match was postponed by Hampshire County Council just 24 hours before kick-off and the club faced the alarming possibility of being penalised by the league and beginning the season with a minus points total.

Having totalled only three of a possible 21 points from seven games since then, today they face a crucial home match against Brentford which they cannot afford to lose if they are to avoid a season-long battle to avoid the drop after only their second spell in a higher grade in their 61-year *history*

Manager Len Walker, who made 450 appearances for the club, is in his second term in charge. He was sacked in November 1984 after Aldershot were taken over by a consortium led by local solicitor David O'Connell and *former Chelsea captain* Ron Harris Walker was reinstated when the old board regained control in June 1985.

Aldershot: looking for a brighter future

He remains wedded to the idea of "*entertaining*" football but recognises he will have to make changes if Aldershot continue to concede goals the way they are. So far they have let in 19—a record exceeded only by the 28 that have by-passed the spectacularly leaky defence of Southend United. Indeed, this week Walker has been negotiating with two players from first division clubs and one from the third division.

"We've been making more chances than we ever did in the fourth division but we haven't been taking them," he says. "And we've been causing our own problems: we press forward and leave ourselves open. I haven't really got enough players to make real changes so *we'll beout to strengthen our* squad.

"Having said that, though, I haven't noticed a really *big* difference between thethird and fourth." "You've got to try to win. It's just that maybe we try too hard. We try to entertain, and if we win the next two ro three games then we'll continue to play like that. But if we lose two or three, then I would have to change *things*."

Under Walker, Aldershot have adopted the approach used by most small clubs of blending youth with experience. They have a squad of 17 which includes one apprentice professional and such names as Andy King, formerly with Aston Villa; Bobby Barnes, the ex-West Ham winger; and Tommy Langley, once of Chelsea, QPR *and Crystal Palace*.

A board meeting this week confirmed that Walker could *spend to reinforce his squad*, and no doubt he will use some of the money which the club *raised through the £140,000 sale* of Martin Foyle to Oxford United as a replacement for *John Aldridge, now with Liverpool*.

The trouble is that Aldershot don't really have enough money to be able to give their supporters and their chairman what they want, although Hancock remains optimistic. "When I became chairman," he says, "we were two points off the bottom of the table and we were faced with a winding-up *order from a local coach company*. I wanted to see the club out of the fourth division, and now *I think that it's possible for* us to get into the second."

Hancock's plans *for* Aldershot hinge on developing their three-sided, barn-like Recreation Ground which fronts the high street. It is on Rushmoor Council land and he is determined to get a long-term lease *that would give the club* both security and a valuable asset.

His original idea was to develop the open *high street* end of the ground, add boxes and new seats to the north stand, build a *sports hall* and, crucially, lay down a synthetic pitch. But the plan was scuppered by the Football League's three-year *moratorium on such* pitches, a decision which Hancock believes has "put us back a decade."

"The pitches now aren't really good enough from a footballing point *of* view, but research is improving them," he says. "I don't know any *sport* that makes a profit, and there's no way we can pull in enough people to pay our way just on admission prices. All clubs need to make full use of their amenities — that way, the community benefits as well." Now the plan has been revised and is back with the council.

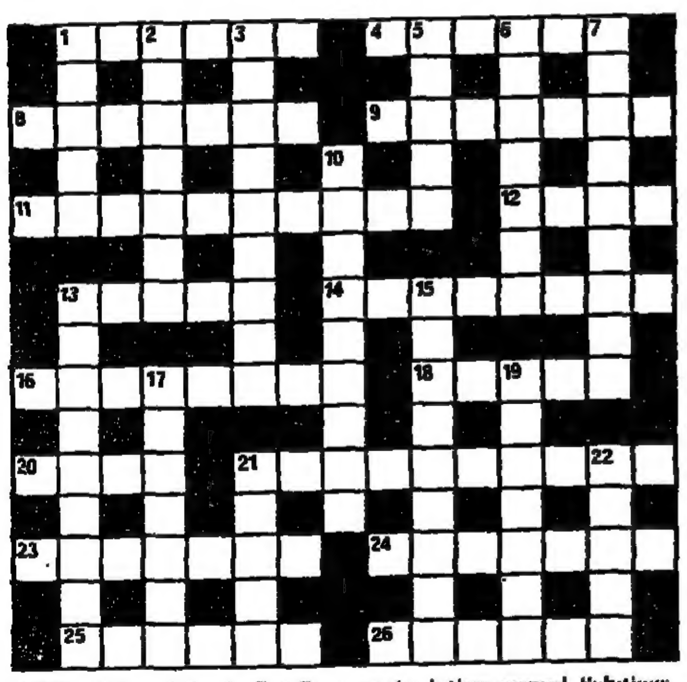
The ground improvements to be funded by the no-interest council loan negotiated already will cost *about £300,000 over* three years. The loan will be repaid partly by money from the Football Grounds Improvement Trust. But it has been criticised severely by some councillors, as has the club for getting behind with prescribed work and losing about £15.000 when pre-season friendlies against First division Chelsea and QPR, and the opening home game against Mansfield, were called off. Hancock blames this on a delay in the trust money and torrential rain that delayed crucial *welding work*.

Clearly, Aldershot cannot expect to fulfil their ambitions *without making some* changes —both on and off the pitch. They need crowds of at least 3,900 to break even (which is one reason the club are so in *favour* of the play-off system —their matches against Wolves and Bolton attracted full houses of 5,000—the police limit—and kept their season alive after missing out by one game on a Wembley appearance in the Freight Rover Trophy).

One thing is certain, though: Aldershot will never be able to amass the talent they had during the Second World War years. Then, the garrison town was bursting with *footballing* talent; in the autumn of 1943 the club could call on such *stars as England halfback* players Cliff Britton, Stan Cullis and Joe Mercer, with the legendary Tommy Lawton up front

FT CROSSWORD PUZZLE No. 6,440

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 Body building, as opposed to . . . (6)
4 . . . part of it with guy on railroad (6)
8 Umpire in step with introduction (7)
9 Rallentando in a pipe requires distinctness (7)
11 Flag—being able to run, won't do so (6-4)
12 Leave car in open space (4)
13 City of Jordan, a favourite with artists (5)
14 Tiny bit in trust, just if possible? (8)
16 Mime with posh young doctors in Arab boat (4, 4)
18 In France I get twisted by chosen people (5)
20 A drink, while still open? (4)
21 If you want a green isle, don't be particular (10)
23 Endure: succumb when when inverted (7)
24 Whale in tree like pig (7)
25 Unmarried: is this a record? . . . (6)
26 . . . Counterpart seen when tight? (6)

DOWN

1 Petrol is what makes the load (5)
2 Turn of page shortly will give raised forward position (2, 5)
3 Beetle, composer of rock, entering stage (9)
5 Composer left in crowd (5)
6 Primate in part of battlements? (7)
7 Delayed recovery on the side (9)
10 Agricultural work is very distressing (9)
13 Jealous—neuropsychiatric disturbance—when partners change (4, 5)
15 Butler, army officer, army officer, and doctor (5-4)
17 Little boy in Scots stream seems to flourish (7)
19 Little beast French copper gets the wind up about (4, 3)
21 Russian writer, dancer and student (5)
22 One of five may be common (5)

Solution to Puzzle No. 6,439

SOLUTION AND WINNERS OF PUZZLE No. 6,434

Mr J. A. Starling, Ipswich, Suffolk; Mr J. P. Perelman, London NW3; Mr J. D. Mason, Belfast; Mr A. Agius-Cesareo, Kappara, Malta; Mr N. G. Hanson, Weymouth, Dorset.

TELEVISION AND RADIO

SATURDAY

† indicates programmes in black and white

BBC1
8.25 am Saturday Starts Here. 8.40 Chucklevision. 9.00 The Muppet Babies. 9.30 Going Live. 12.12 pm Weather. 12.15 Grandstand including 12.20 Golf (The Ryder Cup); 12.35 Football Focus; 1.00 News Summary; 1.05 Volleyball (Royal Bank Cup); 1.40 *Ascot Racing; 1.55 Boxing from Crystal* Palace and Glasgow; 2.05 Ascot Racing. 2.25 Boxing; 2.35 Ascot Racing; 2.55 Boxing; 3.15 Ascot Racing; 3.35 Boxing; 3.45 Half Times; 3.50 *Ascot Racing*; 4.10 Volleyball; 4.40 Final Score.
5.05 News. 5.15 Regional programme.s 5.20 Rolf Harris Cartoon *Time*. 5.45 Telly Addicts. 6.15 'Allo 'Allo. 6.50 Bob's Full House. 7.30 The Russ Abbot Show. 8.00 Casualty. 8.50 News and Sport. 9.05 Film: "Silkwood" *starring Meryl Streep*. 11.10 Monty Python's Flying Circus. 11.40 Darts (The Unipart British Professional Darts Championship). Golf: The Ryder Cup (from Ohio, USA).

BBC2
2.20 pm Network East. 3.00 No Limits. 4.00 *No Limits* for Erasure. 4.40 Darts (Final of The Unipart British Professional Championship). 6.15 Newsview. 6.55 Leeds International Piano Competition (with Radio 3). The last three finalists (of six) play a complete concerto with the City of Birmingham Symphony Orchestra. 8.40 Film: "Lancelot of the Lake" (French with English subtitles). 11.05 Leeds International Piano Competition: The Results. †11.20-1.05 am Film. A Man Escaped" (French with English *subtitles)*

LONDON
6.00 am TV-am Breakfast Programme. 9.27 No 73. 11.00 The Roxy. 11.30 Frocks On The Box. 12.00 The Fall Guy. 1.00 pm News. 1.05 Saint & Greavsie. 1.30 Wrestling. 2.15 The Cuckoo Waltz. 2.45 Snooker: Fidelity International. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team.
6.30 Blind Date. 7.15 Beadle's About. 7.45 3-2-1. 8.45 News. 9.05 Murder, Mystery, Suspense: "Death Cruise." 10.30 The Dame Edna Experience! 11.20 Snooker: Fidelity International. 12.30 am Sledge Hammer! 1.00-4.00 Night *Network*.

CHANNEL 4
9.30 am Coping. 10.00 4 What It's Worth. 10.30 Scotland's Story. 11.00 Old Country. 11.30 Dancin' Days. †12.25 pm Sea War. 12.55 Murun Buchstansangur. 1.00 Life On The Levels. †2.00 "You Only Live Once" starring Henry Fonda. †3.35 "Girl In The News" starring Barry K. Barnes and Margaret Lockwood. 5.05 Brookside Omnibus. 6.00 Right To Reply.
6.30 Tears, Laughter, Fears and Rage. 7.00 News Summary followed by Seven Days. 7.30 Colonial Madness—Marcus Garvey and the Question of Colour. 8.30 Japan. 9.30 Inochi (In Japanese with English subtitles). 10.00 St Elsewhere. 11.00 Australian Rules Football. †1.00 am "Dr Mabuse The Gambler: A Picture Of Our Time."

S4C WALES
9.30 am Coping. 10.00 What The Papers *Say*. 10.15 *Valued Opinion*. 10.30 A Full Life. 11.00 The Mississippi. †12.00 Sea War. 12.30 pm Scotland's Story. †1.00 Silent Classic: "Old Heidelberg," starring Ramon Novarro. †3.00 Feature *Film*: "Uncle Silas," starring Jean Simmons. 5.00 Battle For The Planet.
6.00 Right To Reply. 6.30 *All Muck And Magic?* 7.00 The Dragon Has Two Tongues. 7.30 Newyddion. 7.50 Treialon Cwn Defaid. 8.15 Noson Lawen 1987. *9.15 Y Maes Chwarae*. 10.05 The Golden Girls. 10.35 Makers Of Melody. 10.55 Australian Rules Football. †12.55 am Feature Film: "Dr Mabuse The Gambler."

IBA Regions as London except at the following times:—

ANGLIA
11.30 am The Fall *Guy*. 12.30 pm Alf.

BORDER
11.30 am Groovie Ghoulies. 12.00 UFO.

CENTRAL
11.00 am Family Feature Film: "The Thief of Baghdad," starring Roddy McDowall, Peter Ustinov and Terence Stamp. 12.50 pm Woody Woodpecker. 12.30 am Prisoner Cell Block H. 1.25 "Modesty Blaise," starring Monica Vitti and Dirk Bogarde. 3.50 Central News followed by Central Jobfinder.

CHANNEL
11.30 am Knight Rider. 12.30 pm Survival of the Fittest. 12.55 Today's Weather.

GRAMPIAN
11.30 am ALF. 12.00 Knight Rider. 9.05 pm Feature Film — "Savages," starring Andy Griffiths and Sam Bottoms 12.30 am Reflections.

GRANADA
†11.30 am Saturday Matinee: "Who Goes There," starring Valerie Hobson and Nigel Patrick. 2.15 pm Easy Street. 12.30 am Star Movie: Charles Bronson in "Red Sun." 2.30 America's Top 10.

HTV
11.30 am *Knight Rider*. 12.00 A.L.F. 12.30 pm Starring . . . The Actors Jane Alexander. 11.20 Club Rugby. 12.05 am Snooker (Fidelity International).
HTV Wales—As HTV West except: 11.20 pm-12.05 am Club Rugby

SCOTTISH
(Llanelli v Bath/Bristol v Gloucester).
11.30 am America's Top Ten. 11.55 Cartoon. 12.00 Highway To Heaven. 12.30 am Late Call.

TSW
11.30 am War of the Monster Trucks. 12.25 pm Gus Honeybun's Magic Birthdays. 12.30 The South West Week. 5.05 Newsport. 5.10 The Smurfs. 5.25 Gus Honeybun's Magic Birthdays. 12.30 am Postscript.

TVS
11.30 am Knight Rider. 12.30 pm Survival of the Fittest. 12.57 TVS Weather.

TYNE TEES
11.30 am "The Beast from 20,000 Fathoms," starring Paul Christian, Paula Raymond and Lee Van Cleef. 12.30 am Poetry of the People.

ULSTER
11.30 am Feature Film: "The Disorderly Orderly" — starring Jerry Lewis. 1.00 pm Ulster Newstime. 5.03 Ulster Newstime. 9.02 Ulster Newstime. 12.25 am Ulster Newstimes.

YORKSHIRE
11.30 am "The Little Mermaid" starring Vika Novikova. 12.30 am The Saturday night film: Creatures the World Forgot" starring Julie Ege, Robert John, Brian O'Shaughnessy and Rosalie Crutchley. 2.15 Jobfinder

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 9.00 Sounds of the 60s. 10.00 Michael Aspel. 12.00 Digging for Gold. 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport on 2 including Football; Racing from Ascot; Golf (the Ryder Cup from Muirfield Village, Ohio); Rugby Union (Scotland XV v France XV); Motor Racing (Final practice for the Spanish Grand Prix); 5.00 Sports Report. 6.00 The Match Play. 6.30 That's Showbusiness. 7.00 ABC Quiz. 7.30 Entente Musicale. 9.30 String Sound. 10.05 Tony Capstick Show. 12.05 pm Night Owls with Dave Gelly. 1.00 Patrick Lunt presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.30 Chicago Symphony Orchestra. 1.00 pm News. 1.05 Mozart and Brahms. 1.55 New London *Consort*. 2.30 *Vermeer Quartet*: Beethoven, Hindemith. 3.30 Leopold Stokowski. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 A Young Master: Purcell (*Fantasias*) and In Nomine's). 6.55 Leeds International Piano Competition 1987 (with BBC2) Concerto performance by the last three finalists. *9.45 The Gossamer Years*. 10.30 Alexander Tcherepnin (including chamber music and the 2nd Piano Concerto). 11.30 Leeds International *Piano Competition 1987: Results*. 11.35 Music and *Sweet* Poetry (Madrigals by Michael East). 11.57-12.00 News.

BBC RADIO 4
7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends, hosted by Ned Sherrin. 11.00 News; Talking Politics. 11.27 From our own Correspondent. 12.00 Money Box. 12.25 pm Radio Active (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 *Shipping* Forecast. 2.00 News; Second Edition. 3.00 News; The Afternoon Play (S). 4.15 The Forgotten Pioneer. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News including Sports Round-up. 6.25 Stop The Week (S). 7.00 Saturday-night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.59 Weather. 10.00 News. 10.15 The Village. 10.30 The Wordsmiths of Gorsemere (S). 11.00 Even Looser Ends. 12.00-12.15 am News.

SUNDAY

† indicates programmes in black and white

BBC1
8.55 am Play School. 9.15 Bugs Bunny. *9.25 Top Sailing*. 10.00 Sunday Worship. 11.00 Keep Taking The Rose *Petals*. *11.45 When in Spain*. *12.10 pm* See Hear. 12.35 Farming with Les Cottington and Philip Wrixton. 12.58 Weather for farmers. 1.00 This Week, *Next* Week with Vivian White. 2.00 Eastenders.
†3.00 pm Film: "Wrong Arm of the Law," starring Peter Sellers, Lionel *Jeffries* and Nanette Newman. 4.30 Finningley '87. 5.05 Our House. 5.55 Vanity Fair by William Makepeace Thackeray. 6.25 News. 6.40 Songs of Praise. 7.15 Three Up Two Down. 7.45 Howard's Way. 8.35 Bread. 9.05 Sunday Premiere: Harry's Kingdom. 10.30 News. 10.45 Heart of the Matter. "Courtroom Crusaders." 11.20 Seventy Summers. 11.50 The Sky at Night. 12.10 am Network East.

BBC2
† 1.30 pm Sunday Grandstand including: 1.30 Hockey (highlights of Canada Cup): 2.30 Motor Racing (The Spanish Grand Prix): 4.30 Golf (The Ryder Cup *from Muirfield Village, Ohio*). 6.00 On The House. 6.30 The Natural World. 9.25 The Paul Daniels Magic Show. 10.05 The Money Programme. 10.55 Grand Prix (The Spanish Grand Prix). 11.25-1.00 am Film: "Hit And Run," starring Paul Perri.

LONDON
† 6.00 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Sunday At No 73. 10.00 No 73. 10.30 The Adventures Of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm LWT News Headlines *followed by Police 5*. 1.15 Link. 1.30 Care Bears. 2.00 The Human Factor. 2.30 Snooker: Fidelity International. 4.30 Knights Of God. 5.00 Bullseye. *5.30 Sunday Sunday*. 6.30 News. 6.40 Highway. 7.15 Child's Play. 7.45 †' Never Say Never Again,'' starring Sean Connery, Max Von Sydow and *Barbara Carrera*. 10.05 News. 10.20 The New Statesman. 10.50 LWT News Headlines followed by Snooker. 12.30 am Mary.. 1.00-3.10 Night Network.

CHANNEL 4
† 9.25 am Movie Mahal. 10.00 Equinox: *Prisoner of Consciousness*. 11.00 The Waltons. 12.00 Network 7. 2.00 pm Chips' Comic. 12.30 "F.P.1," starring Conrad Veidt †3.55 "Berlin Correspondent," starring Dana Andrews. 5.15 News Summary followed by The Business Programme.
6.00 American Football. 7.15 Battle For The *Planet*. *8.15 Repons*. 9.00 Ten Minute TV: What Happened. 9.15 *Afternoon Off*. †10.30 "*Beat The* Devil," starring Humphrey Bogart, Jennifer Jones, Gina Lollobrigida and Edward Underdown.

S4C WALES
10.00 am Colonial Madness. 11.00 The Waltons. 12.00 Network 7. †12.00 Feature Film: "Thank Your Lucky Stars," Eddie Cantor, Dennis Morgan and Joan Leslie. 4.15 Equinox. 5.15 The Business Programme. 6.00 American Football. 7.20 Newyddion. 7.30 Caneuon *Ffydd*. *Chwithig*. 8.00 Dadlthoedd Y Pantan. 8.30 Cwlwm. 9.00 St Elsewhere. †9.55 Feature Film: "To Each His Own" starring Olivia De Havilland.

IBA Regions as London except at the following times:—

ANGLIA
9.25 am Sunday at No 73. 1.00 pm Link. 1.15 Aloft in the Rigging. 1.25 Weather Trends. 1.30 Farming Diary. 5.00 Man in a Suitcase. 6.00 Bullseye.

BORDER
9.25 am Cartoon. *1.00 pm Farming* Outlook. 1.30 Border News. 1.35 Cartoon Time. 5.00 Bullseye. 10.50 Coverage of the 1987 *Scottish National Party* Conference from Dundee. 11.50 Snooker (Fidelity International).

CENTRAL
9.25 am Elmer Fudd—Doggone People. 1.00 pm Central Post. 1.10 Central News. 1.30 Here and Now. 5.00 Highway to Heaven. *6.00 Bullseye*. 5.35 Central News. 12.30 am Prisoner Cell Block H. 1.25 Donahue. 2.25 Alfred Hitchcock presents. 2.55 Central News followed by Central *Jobfinder*.

CHANNEL
9.25 am Today's Weather. 1.00 pm Link. 1.15 *Les Francaise Chez-vous*. 1.30 Farm Focus. 4.30 Bullseye. 5.00 Knights of God.

GRAMPIAN
9.25 am Cartoon. 11.00 Horses for Courses. 11.30 Inquisition. 1.00 pm Farming Outlook. 1.30 Spacewatch. *1.45 Link*. *5.00 Scotsport*. 6.00 Bullseye. 10.50 Snooker (The Fidelity International) 12.30 am Reflections

Timothy West in "Harry's Kindom," BBC-1, 9.05 pm

GRANADA
9.25 am Elmer Fudd. 1.00 pm Members Only. 1.05 This Is Your Right. 1.35 Aap Kaa Hak. 1.40 Link 5.00 The Love Boat. 6.00 Bullseye.

HTV
9.25 am Sunday at No 73, followed by Cartoon. 1.00 pm Farming Wales, followed by Weather for Farmers. 1.30 Cartoondime. 1.45 Link. 5.00 Highway to Heaven 6.00 Bullseye.

SCOTTISH
9.25 am Sunday Morning at No 73. 11.00 The Glen Michael Cavalcade. *1.00 pm Canadian Documentary*. 2.00 The Gods of War. 5.00 Scotsport. 6.00 Bullseye. 10.50 Coverage of the 1987 Scottish National Party Conference from Dundee. 11.50 *Snooker (Fidelity International)* 12.30 am Late Call.

TSW
9.25 am *Look and See*. 1.00 pm Tightlines 1.10 Farming News 1.45 Link followed by South West Link. 4.30 Gardens For All. 5.00 Knights of God. *5.30 Looking Back With Kenneth* Macleod. 6.00 Bullseye. 6.35 TSW News. 12.30 am Postscript Postbag.

TVS
9.25 am Sunday at No. 73. 9.25 Elmer Fudd. 1.00 pm Link. 1.15 Action! 1.30 Farm Focus. 4.30 Bullseye. 5.00 Knights of God.

TYNE TEES
9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 How the Leopard Got His Spots. 1.45 Link. 5.00 Who's the Boss? 5.30 Northern Life Sunday Edition. 6.00 Bullseye. 12.30 am Epilogue.

ULSTER
9.25 am Elmer Fudd. 12.58 pm Ulster Newstime. 1.00 Ask Anne? 1.30 Farming Ulster. 1.58 Farming Weather. 5.00 Finding Fax Future. 6.00 Bullseye. 6.38 Ulster Newstime. 10.17 Ulster Newstime. 12.30 am Sports Results. 12.35 Ulster Newstime.

YORKSHIRE
9.25 am Cartoon Time: Elmer Fudd. 1.00 pm Cartoon Time, 1.10 Link. 1.25 Farming Diary followed by farming and inshore weather. 5.00 Randall and Hopkirk (Deceased). 6.00 Bullseye. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says "Good Morning Sunday," direct from Coventry Cathedral. 9.05 Melodies for You. 11.00 Desmond Carrington with your Radio 2 all-time greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF). 3.00 Caught in the Act. 4.00 Serenade. 4.30 *Sing Something Simple (VHF)*. 7.00 The Random Jottings of Hinge and Bracket. 7.30 Ivor. 8.30 SundayHalf-Hour. 9.00 Your Hundred Best Tunes. 10.05 *Songs from the Shows*. 10.45 Simon McCheane at the piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Patrick Lunt presents "Nightride." 3.00-4.00 *A Little Night Music*.

BBC RADIO 3
7.00 am News. 7.05 Mendelssohn. 8.00 World Service News. 8.10 Dennis Brain, the horn player in music by Vinter, Mozart and Britten. 9.00 News. 9.5 Your Concert Choice. 10.30 Music Weekly. 11.15 Walter Klien piano rectal. 12.45 pm From The Festivals 1987. 2.20 Kodaly String Quartet: Schubert, Dohnanyi. 3.10 BBC Scottish *Symphony Orchestra*: Delius (Walk to the Paradise Garden), Kokkonen (Cello Concerto), Sibelius (Valse triste). Grieg (Norwegian dances). 4.10 Two Sammartini recorder concertos and a Vivaldi chello concerto. 4.45 Claire Watson (soprano) in recordings of Mozart, Brahms and Britten. 5.30 The Question *Why (documentary* appreciation of Prof Sir Ernst Gombrich 6.15 The Nash Ensemble: Debussy, Ravel, Francaix. 7.10 Lancaster Gate (Lytton Strachey's *memoir)*. 7.30 *Vienna Phil*harmonic Orchestra: Mozart (Symphony No 31), Mahler (Des Knaben Wunderhorn, with Christa Ludwig); 8.10 Interval *Reading*). *9.15* Schumann (Symphony No 3). 8.55 Close Pressed Lives (Israeli poets read their own work). 9.15 The Organists Entertained. 10.30 Mendelssohn's *Symphony No 1* and Schonberg's Verklarte nacht. 11.40 Music and Sweet Poetry. 11.57-12.00 News.

BBC RADIO 4
7.00 am News, 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 *Sunday*. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 *The Archers*. 11.15 News Stand. 11.30 Pick of the Week (s). 12.15 pm Desert Island Discs (s). 12.55 Weather. 1.00 The World This Weekend. 1.55 *Shipping Forecast*. 2.00 Gardener's Question Time. 2.30 Globe Theatre (s) (simultaneous broadcast with BBC World Service. 4.00 News. *Call the Midwife*.
4.30 The Natural History Programme. 5.00 News. Down Your Way. 5.50 Shipping Forecast. 5.55 *Weather*. 6.00 News. 6.15 More Wrestling Than Dancing. 6.30 International Assignment. 7.00 The Count of Monte Cristo by Alexander *Dumas (S)*. 8.00 A Good Read. 8.30 MEERA. Actress, comedienne and writer Meera Syal talks about her rather complicated life. 9.00 News; *Let Saints on Earth* in Concert Sing (S). 9.59 Weather. 10.00 News. 10.15 You The Jury. 11.00 Seeds of Faith. 11.15 John Morgan on Health. 11.30 Musicke That Goeth With a Whele (S) 12.00-12.15 am News